Daily Report

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FBIS-LAT-90-192 *3 October 1990*

CONTENTS

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

Soviet, Swedish, Brazilian Joint Venture Begins *[Sao Paulo O ESTADO DE SAO PAULO 29 Sep]* 1
Joint Document on Antarctic Environment Signed *[Buenos Aires TELAM]* 1

CARIBBEAN

Cuba

'Fugitive' Leaves Canadian Embassy 'Voluntarily' *[Havana TV]* 3
Castro Meets With Iraqi Minister in Havana *[Havana TV]* 3
Havana Notes Death of Nicaragua's Nunez Tellez *[Havana TV]* 3
Ambassador to Philippines Presents Credentials *[Havana TV]* 3
Comparison of Castro CDR Anniversary Speech 3
Correction to Castro CDR Anniversary Speech 4

Haiti

Episcopal Conference Urges Mass Election Turnout *[Port-au-Prince Radio]* 5
Election Bureaus Ready for Voter Registration *[Port-au-Prince Radio]* 5

CENTRAL AMERICA

El Salvador

Cristiani Addresses UN General Assembly *[San Salvador Radio]* 6
FMLN's Diaz Discusses Proclamation *[San Salvador Radio]* 8
FMLN Condemns Murder of Two Reporters *[Radio Venceremos]* 9

Guatemala

URNG, Religious Sector Declaration Published *[LA HORA 28 Sep]* 10

Honduras

Callejas Discusses Gulf Crisis, Economic Issues *[Tegucigalpa Radio]* 11
Official Explains Libyan Visa Denials *[EL HERALDO 2 Oct]* 12

Nicaragua

Godoy: Nicaraguans Want To Work, Live in Peace *[Managua Radio]* 13
Lacayo Views Sandinist, Chamorro Administrations *[LA PRENSA 25 Sep]* 13
Popular Struggle Front Calls for Civil Resistance *[BARRICADA 26 Sep]* 14
FSLN's Arce Assesses Nationwide Protest *[EL NUEVO DIARIO 30 Sep]* 15
Ortega Describes FSLN-Government Meetings *[Managua Radio]* 17
FSLN Directorate Member Dies in Cuba *[Hamburg DPA]* 18

Panama

Endara Discusses Oil Deal With Venezuela *[Panama City TV]* 18
Chevalier on Terms of Agreement *[EL DIARIO INDEPENDIENTE 1 Oct]* 19

Business Lawsuit Against U.S. Called 'Positive' *[LA ESTRELLA DE PANAMA 26 Sep]* 19
Column Implies U.S. Forces Strengthened *[EL SIGLO 29 Sep]* 19
Linares Protests U.S. Bill on PCC Employees *[EL SIGLO DOMINICAL 30 Sep]* 20
Students Occupy Costa Rican Embassy, UN Office *[Mexico City NOTIMEX]* 20
Former FDP Officer Discusses M-20 Group *[EL SIGLO 28 Sep]* 20
Broadcasting Association on Radio Cancellations *[LA ESTRELLA DE PANAMA 25 Sep]* 20
Lack of Planning in Reverted Areas Decried *[CRITICA LIBRE 1 Oct]* 21

SOUTH AMERICA

Argentina

Menem Cited on Cuba, Gulf, Americas Initiative *[NOTICIAS ARGENTINAS]* 22
Menem Confirms Kuwait Interest in Trade *[DYN]* 22
Cavallo on Long-Term Results of Economic Plan *[NOTICIAS ARGENTINAS]* 22
Menem Meets Brady; Debt Reduction Possible *[DYN]* 23
Menem Concludes Trip to U.S., Venezuela *[TELAM]* 23
Government Sends Greetings on Reunification *[DYN]* 23
Companies Bidding for Central Oilfields Leases *[BUENOS AIRES HERALD 2 Oct]* 23
Former Commanders To Be 'Released in November' *[NOTICIAS ARGENTINAS]* 24
Decree Appoints Two New Presidential Advisers *[BUENOS AIRES HERALD 2 Oct]* 24
French Request in Human Rights Case Denied *[DYN]* 24

Bolivia

Minister Reports on Talks With World Bank *[La Paz Radio]* 24

Brazil

Citizens With Visas To Leave Iraq 'Immediately' *[Brasilia Radio]* 25
Gulf, Inflation Could Affect IMF Position *[FOLHA DE SAO PAULO 30 Sep]* 25
Higher Nuclear Industry Investment Called For *[O GLOBO 30 Sep]* 26
Collor To Enhance Powers of Strategy Body *[FOLHA DE SAO PAULO 30 Sep]* 26

Chile

Foxley Explains Trade Agreement With U.S. *[Santiago Radio]* 26
Aylwin on Results of Meeting With Bush *[Santiago Radio]* 27
Military Court To Try Magazine Reporter *[Madrid EFE]* 27
Mint Replacing Coins With Image of 1973 Events *[Santiago Radio]* 28
* Few Prospects for Constitutional Reform Seen *[APSI 15-21 Aug]* 28
* Statements by FPMR Member Cause Furor 30
* FPMR 'Armed,' 'Ready' *[EL MERCURIO 27 Aug]* 30
* Officials React *[EL MERCURIO 28 Aug]* 32

Colombia

Gaviria Speech at UN General Assembly *[Bogota Radio]* 35
Peace Adviser Berjarano Discusses Reconciliation *[Bogota Radio]* 37
FARC Divided; Sector To Join Peace Process *[AFP]* 38
Cocaine Shipment Worth Billions of Pesos Seized *[Bogota Radio]* 38

Paraguay

1991 Budget Shows Social Spending Increase *[NOTICIAS 30 Sep]* 39
Rodriguez Notes Importance of Debt Payment *[ULTIMA HORA 29 Sep]* 39
Inflation Rate To Surpass 40 Percent in 1991 *[NOTICIAS 30 Sep]* 40
Soldiers Reportedly Arrested; Reasons Uncertain *[HOY 2 Oct]* 40
Economic Team Issues Report to Nation *[Asuncion TV]* 40

Peru

Minister Reportedly Met MRTA Leader *[EXPRESO 1 Oct]* 48
MRTA Said To Lay Down Arms *[Madrid EFE]* 50
Vice President Comments on Talks *[Lima TV]* 50
Terrorists Kill Four Peasant Defense Patrolmen *[Madrid EFE]* 51

Uruguay

Lacalle Tells Bush How Crisis Harming Economy *[Buenos Aires DYN]* 51
Government, Labor Union, Employers Begin Dialogue *[Madrid EFE]* 51

Venezuela

Perez Discusses Future at UN General Assembly *[Caracas TV]* 52

Guyana

Hoyte Reaffirms Position on Election Observers *[CANA]* 54
PNC Launches Election Campaign *[CANA]* 55
Hoyt Forecasts Victory for PNC *[CANA]* 55
Hoyte Outlines Debt Restructuring Proposal *[CANA]* 56
Support Group's Future Uncertain *[CANA]* 56

Soviet, Swedish, Brazilian Joint Venture Begins

PY0210212190 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Sep 90 p 12

[Report by Noenio Spinola]

[Text] Lipetsk, USSR—Some two years after mobilizing companies from three different countries, equipment manufacturers of 10 different nationalities, and investments totaling 25 million rubles, Soviet, Brazilian, and Swedish businessmen yesterday opened a juice plant that will import orange concentrate from Sao Paulo and export apple juice to Europe.

It would be just another plant, located 500 km from Moscow on rich black chernozem soil, were it not one of the best examples of how the Soviet agro-industry is changing.

Sucocitrico Cutrale Company president Jose Cutrale said: "When I arrived here four or five years ago and saw that a large portion of the apple harvest was used as cattle fodder or that it went rotten before it reached the markets, I realized that I had a good chance of doing a good barter deal."

The opening of the plant represents a huge step forward for the chaotic Soviet agricultural economy. This year, 90-percent of the potato harvest may be lost because unharvested potatoes could rot in the ground. For Brazil, this project represents an outlet for orange juice.

Hans Hausing, president of the Swedish Tetra Pak packaging company, joined the Cutrale Company and the Citrosuco Paulista Company, discovering an extraordinary way to eliminate waste in the Soviet Union. The Swedish Group is already negotiating the construction of a packaging plant in the Soviet Union that could be the largest in Europe.

The Russian partners understood the idea quickly and the processing plant was built in record time with 51 percent of the capital in the hands of local partners and the rest split among Cutrale, Citrosuco, and Tetra Pak.

In this type of business the future is mixed with the past. While Hans Hausing was talking about rural progress, the Soviet press wanted to know why there was a shortage of apples in Moscow and if there would be a bigger shortage following the export of apple concentrate, 90 percent of which is for foreign markets. The Soviet press could not understand either why a juice pack containing about two and one half glasses of juice had to be sold for 60 kopecks (cents) when a glass of juice can be purchased for 19 kopecks in the old "eateries" [estalovias]. The Soviet consumer is still looking for agricultural product subsidies and reacts against joint ventures [two preceding words in English] which operate with real prices, just as the Brazilian consumer reacts over milk prices. No mention was made, however, of the losses involved in the current use of glass as a packaging medium, a system that is unsuitable for preserving products for a long time, or on the fact that apples are used as cattle fodder.

"There is a huge cultural problem," said Bruce MacDonald, director general of the MacDonald Group in Moscow, on the bus that was transporting the group to Lipetsk. Near the bus driver, someone had pasted a discreet banner reading: "I went to see for myself and...," stressing the skepticism over this type of initiative that still characterizes deals with the Soviets. Cutrale and the other Brazilians present at the party, however, did not see any reason for pessimism.

There is growing confrontation between urban and rural areas in the Soviet Union that is expressed in a subtle message by the manufacturers: the first production is earmarked for the victims of the Chernobyl nuclear power plant accident. The prime goal is to increase the rural income because this is causing potatoes to rot in the ground. Historically, the rural areas have always subsidized the Soviet industrial development and agricultural workers were even forbidden from living in the cities during Stalin's time. New agricultural joint ventures are radically changing this profile, modernizing farms, which in turn reduces losses.

Present at the opening ceremony was Swedish Foreign Trade Minister Anita Gradin who held a long talk with O ESTADO DE SAO PAULO on the prospects for relations between the EEC and the Baltic and North Sea countries and the Soviet Union. Gradin believes that the process symbolized by the Progress joint venture—as the new plant is known—indicates the direction in which the Eastern agro-industry will be developed. However, her words are marked by a pessimistic overtone. She believes that the Gulf crisis and high oil prices could prompt new protectionist measures that will block the advance expected at the GATT in which Sweden supported the presence of the Soviet Union as an observer and paved the way for an end to protectionist trends.

In her opinion, countries like Brazil will not be harmed by the European union to the same extent as other countries because Brazil is involved in trade exchanges like this project.

Joint Document on Antarctic Environment Signed

PY2909231890 Buenos Aires TELAM in Spanish 1646 GMT 28 Sep 90

[Text] Buenos Aires, 28 Sep (TELAM)—Argentina, Uruguay, the United States, Great Britain, and Norway have agreed "to take a common position on protection of the Antarctic environment."

Today the Foreign Ministry released a joint document, which was prepared by all five countries, on "comprehensive measures for protection of the Antarctic environment and its dependent and associate ecosystems."

The document proposes a "protocol complementary to the Antarctic Treaty, which, without modification, would set general principles and compulsory norms for protection of the local environment."

According to the Foreign Ministry's joint document, "the proposal reaffirms Antarctica's value as an ideal region for scientific investigation of phenomenons that affect the global environment," and warns that "all human activities must avert adverse impact on Antarctica's ecosystems."

This joint initiative will be presented to the 11th Special Consultative Meeting of the Antarctic Treaty, which will be held in Chile this November.

Cuba

'Fugitive' Leaves Canadian Embassy 'Voluntarily'

FL0210122090 Havana Tele Rebelde Network in Spanish 1200 GMT 2 Oct 90

[Text] The newspaper GRANMA publishes today an item reporting that citizen Orlando Patricio Dominguez de la Coba, who was a fugitive, voluntarily left the Canadian Embassy and turned himself over to the authorities last night, 1 October.

Castro Meets With Iraqi Minister in Havana

FL0210130090 Havana Tele Rebelde Network in Spanish 1200 GMT 2 Oct 90

[Text] Commander in Chief Fidel Castro Ruz, president of the Councils of State and Ministers, has received Mr. 'Abdallah Fadil 'Abbas, minister of awqaf and religious affairs of the Republic of Iraq. The Iraqi minister attended the third meeting of information ministers of nonaligned countries. Dr. (Mose Almusawi), director of Iraqi cultural relations, and 'Abbud Walid 'Abbas, Iraqi ambassador to Cuba, attended the meeting. Carlos Aldana, secretary of our party's Central Committee, was also present.

Havana Notes Death of Nicaragua's Nunez Tellez

FL0310030790 Havana Television Service in Spanish 0000 GMT 3 Oct 90

[Text] Carlos Nunez Tellez, a commander of the Nicaraguan revolution and member of the National Directorate of the Sandinist National Liberation Front [FSLN], passed away in the early hours of this morning in Havana after a lengthy, painful illness. Nunez Tellez, who had previously been in our country to receive medical care, arrived in Cuba yesterday in a delicate state of health. For several years, Carlos Nunez Tellez was the president of the National Assembly in Nicaragua; currently he had held the post of FSLN political secretary in Leon and was an assembly deputy.

Ambassador to Philippines Presents Credentials

FL0310031790 Havana Television Service in Spanish 0000 GMT 3 Oct 90

[Text] In a solemn ceremony, President Corazon Aquino received new Cuban Ambassador to the Philippines Jose Luis Martin, who presented his credentials in Malacanang Palace. After the protocolary event had ended, President Aquino talked with the Cuban diplomat about the possibilities of increasing the bilateral cooperation between the two countries, according to a presidential spokesman. The Philippines and Cuba have signed several agreements in recent years in the fields of science and technology and in the economic sphere.

Comparison of Castro CDR Anniversary Speech

PA0210021690

Havana Cubavision Television in Spanish at 0028 GMT on 30 September carries the speech by President Fidel Castro during the ceremony to mark the 30th anniversary of the Committees for the Defense of the Revolution (CDR) held at the Karl Marx Theater in Havana on 28 September.

This version has been compared with the Havana Domestic Radio and Television Services version published in the 1 October issue of the Latin America DAILY REPORT pages 1-16 and found to be identical, except for the following:

Page seven, column two, first partial paragraph, from end of second full sentence reads: ...our fish hatcheries. This is another important program that we are working on... (Providing indistinct words and rephrasing).

Same page, last paragraph, from end of sentence eight reads: ...same everywhere. In Guira de Melena, a multiple crop... (Clearing queried name).

Page eight, column one, first partial paragraph, from end of fifth full sentence reads: ...needed. In the administrative sphere [words indistinct]... (Providing indistinct word).

Same page, same paragraph, from end of last sentence reads: ...and administrative category.

This, of course, presupposes that we have been... (Providing indistinct word, rephrasing).

Same page, first full paragraph, sentence two reads: ...that all of their vices must simply be swept aside. We are telling... (Providing indistinct word, rephrasing).

Same page, same paragraph, from end of sentence eight reads: ...percent. [Applause] Yes. This must end once and for all, and as for those who have reports, that is their affair. However, we will... (Providing indistinct words, rephrasing).

Same page, same paragraph, sentence eleven reads: ...to it that this stands; where there are 100 workers, less than 20 will remain. Not only in... (Providing indistinct words, rephrasing).

Same page, same paragraph, sentence fourteen reads: ...Do you know the amount of information that is requested of them and then requested again? We have discussed... (Providing indistinct words, rephrasing).

Same page, column two, fourth full paragraph, from end of sentence three reads: ...replaced 300,000 cutters. With the mechanization, we have succeeded all work we have conducted. Unfortunately, our varied-crop... (Providing indistinct words).

Same page, same paragraph, from end of sentence four reads: ...needed to make. I believe the same thing happened in many varied-crop enterprises in Havana and in other areas too. But if we ...(Providing indistinct words, rephrasing).

Same page, same paragraph, from end of sentence five reads: ...houses there now. We must built between 8,000 and 10,000 houses in those enterprises to guarantee a man's stay in those enterprises. If we want... (Providing indistinct words, rephrasing).

Page nine, column one, third full paragraph, from end of first sentence reads: ...of courses. The Guira de Melena farming enterprise, which... (Providing indistinct name).

Same page, same paragraph, sentence three reads: ...technician, engineer, CDR cadres [applause], and yet... (Providing indistinct word).

Same page, same paragraph, same sentence reads: ...one has to work really hard. It is not... (Providing indistinct words).

Same page, same paragraph, from end of sentence five reads: ...dairy farms. However, there are crops one cannot mechanize, because we still... (Providing indistinct words, rephrasing).

Same page, last paragraph in column one, sentence four reads: ...I say that the question is not just to leave the office. [applause] Offices must... (Clearing queried passage).

Same page, same paragraph, sentence five reads: ...who know, experts. I do not see experts anywhere but working in the plaintain fields as they should. I think of... (Providing indistinct words, rephrasing).

Same page, column two, paragraph three, first sentence reads: ...to coincide with their children's vacation. You can therefore... (Providing indistinct words).

Same page, paragraph four, from end of sentence four reads: ...is grass. And you see some splendid grasslands in some of those enterprises. When people are called in, they have to cut and clean grass that is this tall. We...(Providing indistinct words).

Same page, same paragraph, last sentence reads: ...man is enough to take care of a piece of land, then we need... (Providing indistinct words).

Same page, paragraph six, sentence two reads: ...were orders to plant a large extension of land, taking into account... (Providing indistinct words).

Same page, same paragraph, from end of sentence five reads: ...Labor Army. But the truth is that we wasted time. When they called... (Providing indistinct words).

Page ten, column one, third full paragraph, sentence three reads: ...of these teams were in the feedlots. And some of them... (Providing indistinct words, rephrasing).

Page twelve, column one, first partial paragraph, first partial sentence reads: ...worked by a permanent labor force. It is a new plan resulting from this whole new idea.

We are regrouping... (Providing indistinct words, rephrasing).

Same page, second full paragraph, sentence three reads: ...the road for one-lane traffic, but not a... (Providing indistinct words).

Same page, column two, second full paragraph, sentence one reads: ...in the city. It is those types of measures that we... (Providing indistinct words, rephrasing).

Same page, sixth full paragraph, first sentence reads: ...must be prepared to do anything, but to do reasonable things. However, companeras and... (Providing indistinct words).

Page fifteen, column two, second full paragraph, first sentence reads: ...yucca, even for the parasite. Because it is... (Providing indistinct word).

Correction to Castro CDR Anniversary Speech

PA0110223690

The following corrections pertain to the item headlined "Castro Gives Speech on 30th CDR Anniversary," published in the 1 October Latin America DAILY REPORT, page 1:

Page eleven, column two, last paragraph, from end of fourth sentence, make read: ...grass grows there. It is possible that of the 500 caballerias with irrigation systems, the 400 that contain plaintain crops will be attended to by contingents. This is a permanent labor force. It is a new plan resulting from this new idea.

We are regrouping... (rewording for clarity).

Page twelve, column one, first full paragraph, last sentence, make read: ...indispensable projects like the Coiba Hotel; the Bejucal Center for Bioproducts; the Alquizar and Guines cold storage warehouses being built in Havana Province; and the freeway to Pinar del Rio, which under ordinary circumstances is very necessary construction work, will be halted at Artemisa.

Approximately 60 km of road between San Cristobal and Pinar del Rio will be built, because it is necessary. The road is... (rewording for clarity).

Same page, column two, first full paragraph, end of first sentence, make read: ...a special period. However, [words indistinct] do not start new projects, and we are going to finish... (Providing editorial notation and rewording).

Page fourteen, column one, fifth full paragraph, first sentence, make read: ...We have worried much about destiny, not only our destiny, but that of dozens of Third World countries. You may have... (Rewording for clarity).

Haiti

Episcopal Conference Urges Mass Election Turnout

FL0210181590 Port-au-Prince Radio Nationale in Creole 1300 GMT 1 Oct 90

[Excerpts] After keeping silent for several months on the subject of the elections, the Haitian Episcopal Conference [CEH] delivered a message on 28 September over the Catholic radio station, Radio Soleil, urging the Haitian people to vote. According to a report from the Haitian Press Agency, this message was issued 48 hours after a declaration by Jeremie Bishop Willy Romelus reassuring the population that because the elections are to be organized by the Provisional Electoral Council, rather than by the provisional government, they should feel free to vote normally.

The CEH broadcast encouraged the Haitian people to vote for the candidates that they trust and believe; those who have compassion for their situation.

[Begin unidenitified CEH spokesman recording] Haitian brothers and sisters, within a few weeks there will be elections. [passage omitted]. In view of these coming events, we must now take an honest look at what has gone before so that we can see realistically what we must do to change things. We do not want Haitian history to repeat itself. We must force ourselves to keep alive the bitter memories of the November 1987 elections. We must never forget the organized terror, the massacre of innocent people. We must never forget these things, so that we never have to experience them again.

Meanwhile, we must look at what we want to realize in the future so that we know what we have to initiate today. The country we want to build must be a humane community where all Haitians are respected, in their dignity, their freedom, and their rights: the right to live, the right to find jobs, the right to assemble and form associations, wherever they are from, peasants as well as city dwellers. [end recording] [passage omitted]

The Haitian bishops insist that the population participate in the elections because without elections, opportunity for change is impossible. They ask the people to encourage all sectors of the state to guarantee security for these elections, which are to be held on 16 December.

Election Bureaus Ready for Voter Registration

FL0210185090 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 2 Oct 90

[Excerpt] According to officials, everything is ready at the Departmental Electoral Bureaus [BED's] and the Communal Electoral Bureaus [BEC's] for the registration operations on 5 October. These two electoral levels have asked the Haitian Army to assume responsibility for ensuring security.

If the electoral calendar, newly published by the Provisional Electoral Council [CEP], is respected, the voter registration will begin throughout the country on Friday, 5 October. Daniel Bernier, president of the west BED's, says that 1200 Bureaus for Registration and Vote [BIV's] will be established in Port-au-Prince alone. An additional 4300 will be established in the whole west department. Bernier says all the steps have been taken so that the BIV's can begin working on 5 October per the new CEP electoral calendar. The BEC's, however, have some difficulties finding premises for the BIV's because communiques from the ministries have come out too late.

Regarding the ensurance of security during the elections, Bernier stated that it is the Army that is in charge of this specific job and he cannot question the Army's pledge to the CEP to ensure security during the elections in Haiti.

Bernier states that on Saturday, 6 October, the BED's are to receive candidates' declarations from all and any candidates. It is, however, up to the CEP to decide which candidates are eligible to take part in the elections and which ones are not, according to what is stated in the electoral law and the fundamental law of the country, the Constitution. [passage omitted]

El Salvador

Cristiani Addresses UN General Assembly

PA0310035490 San Salvador Domestic Radio and Television Services in Spanish 0311 GMT 2 Oct 90

[Speech by President Alfredo Cristiani at the 45th session of the UN General Assembly in New York; date not given—recorded]

[Excerpts] [passage omitted] Mr. President, in this very disturbing and yet very encouraging phase of contemporary history, Central America has emerged with a new reality in the eyes of the international community. Before the 1980's, Central America was virtually an unknown area. Amid a world in an accelerated modernization process, Central America seemed to be condemned to an inevitable historic ostracism that prevented it from being considered a dignified member of civilization. The profound crisis of traditional institutions, coupled with the great effort of totalitarism to control the region, which had been important in the cold war scheme, prompted Central America to jump from endemic anonymity to the frontpage of the great powers' agendas and headlines of world news.

The last confrontation of the cold war took place in Central America. Central America was the last arena of that drama upon which the curtain is falling for the last time. This drama, resulting from a painful conflict which we are still trying to overcome on a national and local level, has also given us an international dimension that we must take advantage of to attain peace and consolidate our democratic processes. Against all adversities and forecasts, democracy is now a reality on the move in all Central American countries. We cannot and should not, however, overlook the fact that budding democracies are fragile, and heavily dependent on international understanding and support.

At this forum we want to reiterate our call to the international community for firm, specific, and substantial support for Central American democracies, and for the Salvadoran democracy in particular. We understand very well that our democracies cannot ask for support without winning the world's credibility.

On this point, we believe two essential factors. The first is that we Central Americans need to demonstrate effectively that we are seriously pursuing peace and development. The second factor is that we need to provide specific proof that our societies are undertaking institutional democratic reform and ensuring that full human rights are guaranteed.

We also reiterate our cordial and respectful call to our friends, the presidents of Central America, including Panama, to assume the challenge of economic, social, and political integration with more vigor and determination. We are not talking about repeating the unionist speeches of the past, but instead are talking about establishing, as soon as possible, an integrated Central America that would allow us to preserve our individuality while becoming part of a world reality that accepts self-sufficiency.

If large blocs of nations are gathering to establish new nationalities based on a common fate, then it is absurd that we Central Americans cannot find similar formulas to face the challenge of an increasingly more complex and competitive modernization. The world already views Central America as a bloc, and if Central America fails to uphold this vision, it will run the risk of facing an historic isolation that it would not recover from. The priority continues to be the attainment of a peace that will result in a permanent and democratic stability. When we talk about peace, the Salvadoran case immediately comes up.

Mr. President, to talk about El Salvador at this forum of nations is an extraordinary opportunity to discuss what we Salvadorans are doing to change our society to have a more prosperous and fraternal one in the future. The effort to attain peace has become the top priority of our government in keeping with the most profound and urgent aspirations of the national community and the expressed support of the international community.

We want to take this opportunity to say that peace is attainable and that it concerns all Salvadorans. We cannot exclude anyone from the peace effort because the exclusion or isolation of groups in the determination of the national fate is mistake that has hurt us in the past. As we have said before, we consider ourselves to be the legitimate representatives and servants of the interests of all Salvadorans, including the people who do not share our values or ideas about the country.

The Salvadorans are learning, and while the process is tough and difficult, it is necessary. If we are going to earn the right to live in peace, we must strive for tolerance and mutual respect, setting aside sectarian ideologies and interests. The country is historically [five-second break in reception] and we value highly the role of political parties, regardless of their ideology. We can proudly report to the international community that El Salvador now has an interparty commission that enjoys the support of the various political parties.

The interparty effort has been openly and firmly used for the first time in the country's history, and it has borne its first fruit in an agreement by consensus to make reforms and undertake the necessary measures to give the March 1991 legislative and municipal elections the maximum guarantees of security, honesty, and the broadest participation. Now, no one will be able to objectively question the elections. The interparty commission has agreed that the electoral process must be supervised by international observers from the very beginning.

Our government is firmly committed to endorsing the agreements that might be approved by consensus, and it announces before this universal forum its willingness to allow the international supervision of the upcoming elections to begin at this very moment with the necessary

facilities and freedom so that no one will harbor any doubts about our democratic will. We extend a cordial invitation to this organization and other member states to offer their cooperation. For our country, clean and honest elections are an important part of a democracy that has been underway since 1982.

Mr. President, peace in El Salvador will not come from the utilization of weapons. Peace has to be forged with a political understanding of the different forces. As part of that national understanding, the negotiations between the government and the Farabundo Marti National Liberation Front [FMLN] are a primary factor. The negotiations must be held so that the results will benefit the people. Since we have the honor of speaking at this international forum, I do not want to harp on the unfortunate fact that the FMLN left the negotiations in November of last year and launched a violent offensive by unjustly attacking the civilian population. We have not come here to complain about what has happened, but to explain positive aspects of what has continued to occur.

Earlier in the year, we approached the United Nations to request help in reactivating the negotiations. Under the auspices of the UN Secretary General Javier Perez de Cuellar, who has always been willing to help us, the negotiations were renewed. Through his dignified representative, Doctor Alvaro de Soto, we have resumed the negotiation process. The pace and development of the negotiations have already yielded initial results which have been specific. In July of last year, a substantial agreement was signed by the government and the FMLN on the crucial topic of respecting and guaranteeing human rights. As a result, the Security Council authorized the general secretariat to establish an office in El Salvador to verify the agreements produced at the negotiations. We want to emphasize that our government attaches great significance to the United Nation's verification. We are unequivocably committed to a thorough verification, without any hindrances or obstacles.

The first guarantee of peace in El Salvador is the will of the people to attain it. This will can be measured by the peace efforts that occur within and out of the realm of the negotiations. The other guarantee is international verification. We are willing to grant all of our support and security to this verification task now and in the future. The verification model that we have promoted and agreed to is unprecedented. For now, verification is the way to show our willingness to secure harmony and to show our absolute sincerity regarding a free and peaceful future for our country.

Our concept of peace in El Salvador is made up of three fundamental elements. The first is strengthening political pluralism as outlined by the Constitution. The second is consolidating democratic institutionality, with the unequivocal preeminence of civilian power. The third is a sustained, balanced socioeconomic development that will permit El Salvador to build a model of prosperity upon which everyone will progress.

We oppose the paternalism that restrains the people, the populism that impoverishes and deceives them, and the simple economic formulas that do not consider human aspects of development. First, we believe in the creative and productive spirit of the human being and in its inherent liberty. We have, therefore, designed and implemented a number of measures that, by improving the economy, will allow a realistic and accelerated reconstruction of the country. We know that this has a political cost, but we are willing to face it. We are moved by national interests. We also know that this line of thinking and economic action is the one prevailing in the world today. This fact stimulates and compels us to move forward, but we are also willing to correct or redress what is necessary when the reality of the country demands it objectively. We are aware that El Salvador is undergoing serious changes because of the most profound crisis in our history.

The national recovery, which was the term defined in our government platform, has required that virtually all of our institutions be purged and cleansed. Of course, the Armed Forces are no exception. We can honestly say that civilian power is being strengthened in the country. Within the institutional modernization process that we are living, each sector is taking its place within the orderly framework of a functional democracy.

Those who want to see El Salvador as it was in 1979 are living in the past. The decade of the 80's taught us more than we were able to learn in all the previous decades since our independence. In the 80's we learned the irreplaceable value of democracy, which is the best school of moderation. In a democracy, only the moderates prosper. The best example of moderation is the strict adherence to the laws. That is why our struggle has been in favor of rationality, understanding, and peaceful coexistence among brothers.

Mr. President, our government rightfully belongs to the civilized community of nations. We are, therefore, assuming our international responsibilities. Right now, we are going with the brother Republic of Honduras to the International Court of Justice to resolve a century-long border conflict. We hope to have this definitely resolved by the middle of next year. Our country, as it has committed itself and as it is obliged to do, will subject itself to the jurisdiction of the court and will abide by the ruling on the border conflict.

El Salvador is fully aware that the UN secretariat, by mandate of the Security Council, and at the request of the Central American presidents, will continue its active mediation through political negotiation on the internal conflict that still affects our people. We adhere absolutely and unequivocally to international law. We trust the international organizations to help resolve all kinds of conflicts. Regarding our internal conflict, which, at this point, we consider obsolete and unjustified, our position is clear. We want to resolve it. We hope that the FMLN, once converted into an exclusively political force, will participate with all the guarantees given to

political parties in the country. We hope that the solutions found for the conflict will serve, as Perez de Cuellar has said, to effect a positive transformation of the Salvadoran society.

We only look to the past to benefit from its positive lessons, not to reproduce it in any sense. The responsibility of the Salvadorans who are living in this decisive stage of our history is too great to believe in the simplicity of superficial solutions. All of our programs and goals are pointed to the future. [passage omitted]

There is no reason to continue the war in El Salvador. We do not want the war to continue. Interpreting the people's opinion, from this forum, which is the highest forum of the nations, we would like to tell all the national forces that the government of the Republic is willing to do everything within its means to continue the search for the peace that the Salvadoran people deserve.

We only have two unbreakable rules in this. The first is the essential principle of a representative democracy and the second is respect for the law. As far as the law is concerned, we understand that it can be changed according to the times, but the changes must be made within the framework that the law specifies. Political and social reasons can provoke those changes, but arbitrariness or the whims of people or groups cannot.

We specifically address the FMLN, calling on them to join us at the negotiations with flexibility and a realistic understanding. We have said on many occasions that [two-second break in reception] first day of our administration a permanent dialogue to attain definite peace in our country. This is precluded by an unsuccessful and antagonistic concept of winners and losers. Let us think, instead, that the war has taught us all great lessons, and let us use that knowledge to attain the peace we all hope to achieve and the country needs. It is not a matter of destroying anyone, either during, outside or after the negotiations. Quite the contrary, the greatest responsibility that we have is to reduce the level of tension and to practice moderation. Moral and political reasons overwhelmingly justify that attitude.

In accordance with world events, and interpreting the feelings of the international community, which have been stated at this forum by the morally strong voice of our sister nation, Costa Rica, which is an example of democracy for the world, we are willing to declare that a unilateral cease-fire be implemented as soon as the FMLN does the same. If this happens, the negotiations can be carried out in an atmosphere of detente and trust. Above all, this will effectively tell the Salvadoran people that the two parties' political will is definitely oriented toward peace. This cease-fire would be a provisional measure based on goodwill, and it would not be used to gain an advantage in the war, but instead would be used to strengthen credibility while the political agreements leading to a definite cease-fire are achieved.

We are sure that a unilateral cease-fire decreed and implemented by the two parties would certainly speed up the negotiations, because violence only hinders and obstructs them at this point. Violence has been used many times to exert pressure for a definite solution, but it has only served to worsen the war. Let us begin to use the resources to attain peace, because this is what the people want, their unanimous suffering and stoicism.

As far as we are concerned, the human rights agreement signed between the government and the FMLN in San Jose was immediately implemented, and we are willing to allow UN verification whenever the organization considers it appropriate. We hope this will be done as soon as possible. [passage omitted]

FMLN's Diaz Discusses Proclamation

PA0210182190 San Salvador Radio Cadena YSU in Spanish 1400 GMT 26 Sep 90

[Telephone interview with Nidia Diaz, commander of the Farabundo Marti National Liberation Front, by an unidentified reporter in El Salvador—live]

[Text] [Reporter] We have established contact with Commander Nidia Diaz, who wishes to make a few remarks about the FMLN [Farabundo Marti National Liberation Front] proclamation, which was issued two days ago and which has been distributed to various governments. Commander, I would like you to comment on the reactions to this proclamation, especially international reaction.

[Diaz] The international community seemed to agree to a certain extent with the political, economic, and social aspects of the proclamation. In the past several days, we have been developing a proposal on the demilitarization of our society. Many of the objectives in the proclamation have not undergone major changes. In fact, these objectives have already been incorporated into a program. They are well arranged and can be met not only at the negotiating table, but also by the people through a political, economic, and social dialogue and through various forms of struggle.

The end of militarism, a new economic and social order, national democratization, and the rescue of our sovereignty and independent foreign policy are basic issues that we and the international community have discussed for a long time. In fact, the changes that have taken place in Eastern Europe, our defeat in the elections, the invasion of Panama, and the changes throughout the world in general—the North-South struggle; the struggle between the developed and underdeveloped nations; and the struggle between the wealthy, capitalist, imperialist nations and the third world nations—have made it necessary for the FMLN to structure its ideas more systematically and present them to the world, especially its reasons for struggling and its reasons for fighting to the end.

Psychological warfare has also distorted the nature, goals, and purpose of our struggle. There has been a great deal of misrepresentation. Socialism has collapsed and

the FMLN lost the elections. Thus, the FMLN has no raison d'etre. It has no reason to struggle and no purpose or goals. It became necessary, therefore, for the FMLN to issue a statement to the nation, especially at a time when the leftist political parties and leftist social forces are establishing platforms for true democracy. The micro, small, and medium-sized businesses have also established a plan whereby they will adopt political and economic measures. The church has a platform, the Permanent Committe of the National Debate for Peace in El Salvador has a traditional plan, and the political parties have their platforms. Thus, the FMLN—as a national, political, and military force that intends to represent the entire nation's interests—has presented its proclamation or plan to the nation.

[Reporter] Based on the fact that this proclamation has some similarities to the platform of certain political parties that you mentioned a while ago, what does the FMLN expect from the next elections? If certain parties reiterate the points you have made, what will be the FMLN's definitive position in the next election?

[Diaz] We believe that the democratic, progressive, and revolutionary forces agree on many issues. They are identified precisely by their pro-change and pro-progress mentality. They coincide in that aspect. Of course, each party must wage its own battle. We are more than willing to hold a dialogue and reach an agreement with all of the political and social forces on issues that are necessary for the nation to change. The leftist political parties must discuss their platforms with other forces to develop them during the electoral race. The FMLN would undoubtedy support a platform or changes that do not contradict its goals.

[Reporter] What would the FMLN do if it were invited to join the opposition bloc and if all of the issues supported nationwide were reiterated? How would the FMLN react to the elections? Would there be armed peace?

[Diaz] It is too early to say. We cannot establish future scenarios. I will say that the FMLN would support the pro-change platforms of political parties. The FMLN recently showed support for and interest in the political parties' agreements on their participation in the elections. The FMLN encouraged them to participate in the electoral race. The FMLN hopes that the Legislative Assembly will ratify these agreements through whatever reforms they need to make so that we can have an electoral process that will truly fulfill the political parties' goals. It is too early, however, to say what will happen. I can say that to the extent that progress is made with the political agreements at the negotiating table, the possibility of a cease-fire will be closer.

[Reporter] Commander, the National Democratic Union, UDN, said yesterday that it will participate in the elections and try to find areas of agreement with all of the popular organizations, even the Democratic Convergence. What does the FMLN have to say at this time to the entire popular movement, which is aware of the situation created by the dialogue and the elections? How does the FMLN respond to this?

[Diaz] First, we would tell them to continue their struggle because even though the FMLN has contributed significantly with its struggles and its blood to reach this moment—when all of the political and social forces are able to struggle, reach agreements, and make progress—it is not only the FMLN that has worked. All of the political and social sectors have played a role, and the efforts they have made to fulfill specific platforms should continue. Each social sector has a specific platform. The peasant, labor, teaching, and state sectors are all undertaking struggles with their own goals and methods.

FMLN Condemns Murder of Two Reporters

PA0310035890 (Clandestine) Radio Venceremos in Spanish to El Salvador 1600 GMT 2 Oct 90

[Communique issued by the Farabundo Marti National Liberation Front in El Salvador on 1 October]

[Text] FMLN Communique:

1. We strongly condemn the murder of reporters Pedro Martinez, Director of the magazine SEMANA, and Jorge Euzeda of DIARIO LATINO and EL MUNDO, on 28 September along the Pan-American Highway militarized by the Armed Forces.

2. These new murders are intended to curb the exercise of effective journalism, during times when various sectors of society demand the end of militarism and impunity.

3. Within a short span of time, Armed Forces personnel have murdered five reporters. These crimes have gone unpunished. The Arce Battalion has even taken over a courthouse. It would seem that the High Command has received the [words indistinct] signals sent by those who in the U.S. Congress [words indistinct].

4. The death of martyr reporters Martinez and Euzeda confirms the declarations of Chief of Staff Colonel Rubio, who claims that it is a crime to struggle for the opening of the closed political spaces. Most sectors are struggling for the democratization of the country.

5. The FSLN asks all sectors to condemn this terrorist action by the High Command, and to double their efforts to recover freedom of expression and protection for the journalistic profession.

6. We equally request that the international community double its efforts to isolate militarism in El Salvador.

Guatemala

URNG, Religious Sector Declaration Published

PA0310034590 Guatemala City LA HORA in Spanish 28 Sep 90 p 7

["Text" of Quito Declaration issued by the Guatemalan religious sector, the Guatemalan National Revolutionary Unity, and the National Reconciliation Commission in Quito, Ecuador on 26 September—published as a paid advertisement]

[Text] The Guatemalan religious sector and the URNG [Guatemalan National Revolutionary Unity], in the presence of conciliator Msgr. Rodolfo Quezada Toruno of the National Reconciliation Commission (CNR) and Dr. Francesc Vendrell, the observer appointed by the UN secretary general, met in Quito on 24-26 September 1990 to fulfill the "Basic Agreement for the Search of Peace Through Political Means," signed in Oslo, Norway, and to outline the actions and means to find a peaceful solution to the national problems and to improve functional and participatory democracy in Guatemala.

They state:

The "Basic Agreement for the Search of Peace Through Political Means," signed in Oslo, Norway, on 30 March 1990, has made possible a process intended to create a national consensus in the search for solutions to the country's crisis.

That agreement, which the URNG ratifies and reaffirms, has resulted in the "San Lorenzo de El Escorial" Agreement with the Guatemalan political sector, and the meeting in Ottawa, during which the viewpoints of the Coordinating Committee of Farming, Commercial, Industrial, and Financial Organizations (CACIF) and the URNG were expressed.

Guatemala's religious sector expresses its support for the Oslo Agreement and its satisfaction with the results of the San Lorenzo de El Escorial and Ottawa meetings.

Guatemala's religious sector supports all the political means that the other national sectors accept in reaching for peace. In this regard, it supports the "San Lorenzo de El Escorial Agreement," especially points two and three which pertain to the participation of all political and social sectors and forces in defining changes in institutions and in promoting reforms to the Constitution.

There can be no genuine and authentic peace without absolute respect for human rights.

When the religious sector speaks of peace, it is referring to the Biblical shalom, which is the complete peace of the Kingdom of God expressed in the terms of mercy, justice, and truth for all Guatemalans. The religious sector has the basic duty of making Guatemalan society aware of the need for peace and national reconciliation.

Based on its own beliefs rooted in the Judeo-Christian tradition, the religious sector states that Guatemala is experiencing a serious socioeconomic crisis that affects a large majority of the population and that is evident in poverty, the abandonment of many sectors, and death. That is not the will of the God in whom we believe. God wants man to be free, to be the creator of his destiny and dignity, to meet all his needs as a human being, and to fully develop in God's image and likeness.

Guatemala's situation has its own causes. Aware of this, we issue a call to all the country's sectors to unite their efforts in the search for solutions to these problems through the path of a national consensus and a social pact. The solution can be reached through a sincere dialogue and through political and peaceful means. We reaffirm, therefore, the importance of the national dialogue and its continuity, and we advocate greater participation and broader dissemination of its potential and conclusions.

The URNG views with respect and approval the religious sector's statement on the country's critical situation and its willingness to contribute toward finding a political solution to the armed conflict.

The URNG recognizes the efforts by the various religious denominations to raise awareness about the need to find authentic solutions to all of Guatemala's problems. The URNG calls for the continuation of peace proposals. The URNG has clearly stated its views on them during the meetings in Oslo, El Escorial, Ottawa, and Quito.

The religious sector favorably views the URNG's decision to use political and peaceful means to resolve Guatemala's problems. It earnestly hopes that the future meetings will end successfully and that they will bring about, as soon as possible, the beginning of direct talks between the government, the Army, and the URNG, for socially just integral development that will guarantee the attainment of a firm and lasting peace in Guatemala.

The URNG, the Guatemalan religious sector, and the National Reconciliation Commission thank the Ecuadoran people and government for the hospitality and support they have provided to make this declaration possible and positive.

Issued in Quito, Ecuador on 26 September 1990.

For the religious sector:

Msgr. Alvaro [name indistinct] and Renato Saravia, for the Guatemalan Bishops Conference

Jose Angel Zapata and Brother Oscar Avartia, for the Conference of Guatemalan Clergy

Reverend Hector Monterroso and Reverend Miguel Palacios, for the Guatemalan Episcopal Church

Blanca Puentes and Juana [name indistinct], for the Permanent Assembly of Christian Groups

Vitalino [name indistinct] and Jose David [name indistinct], for the Conference of Evangelical Churches of Guatemala

Manuel Yarhi and Federico Licht, for the Guatemalan Jewish Community

For the URNG:

Commander Gaspar Ilom, Commander Rolando Moran, Carlos Gonzalez, Luis [name indistinct] Guzman, Francisco Villagran Munoz, and Miguel Angel Sandoval

For the National Reconciliation Commission:

Teresa B. Zarco, notable citizen; Colonel Francisco Luis Gordillo, representative of the opposition political parties; Dr. Eduardo Meyer Maldonado, representative of the government; Mario Permuth, notable citizen; Fernando Andrade Diaz Duran, adviser for specific affairs; Msgr. Rodolfo Quezada Toruno, conciliator; and Dr. Francesc Vendrell, UN observer

Honduras

Callejas Discusses Gulf Crisis, Economic Issues

PA0310031390 Tegucigalpa Voz de Honduras Network in Spanish 1800 GMT 27 Sep 90

[Interview with President Rafael Leonardo Callejas by unidentified reporters at the White House in Washington, D.C. on 27 September—recorded; broadcast in progress]

[Text] [Callejas] ....continue to request the support of the United States, if its economic situation allows it, so that we can maintain the CSF [expansion unknown] economic programs at the appropriate levels; and to reassert our intention to contribute as necessary, even with our presence, to firmly demonstrate the Honduran position on the Persian Gulf conflict and the UN resolution.

On 14 August, Honduras sent a note to the UN secretary general to be forwarded to Saudi Arabia and Kuwait stating that Honduras is willing to send a military contingent, depending on the circumstances. We have reasserted this to Vice President Quayle. What is difficult for us is basically the logistics, but we reassert our position, and if they consider it necessary to have a small Honduran military contingent in Saudi Arabia, then we are willing to find the appropriate mechanisms to achieve this goal.

The problem we have encountered is that there is no independent multilateral force and, realistically, our nation does not have the capability [of functioning on its own]. We feel that we have a basic commitment to the United Nations and the United States, which are engaged in the struggle to establish a presence in the Persian Gulf.

[Reporter] Mr. President, Honduras is directly involved—maybe not militarily or politically, but certainly economically—given the oil problem. In other words, Honduras virtually has an obligation to participate.

[Callejas] That is how we feel. The consequential cost of Iraq's irresponsible actions has become for us a terrible calamity, because it represents thus far a 100 percent increase in the price of our oil. Logically, under these circumstances, we feel that it is imperative to contribute as we can. If the presence of the Honduran flag, carried by a small contingent, is necessary in the Persian Gulf, then it will be there. We have stated this to the U.S. Government and to Saudi Arabia, and we will also notify Kuwait and the UN General Assembly.

[Reporter] Mr. President, President Bush is not in Washington today. He is visiting Michigan, Minnesota, and Ohio. You know Vice President Quayle quite well. If I am not wrong, this is the third or fourth time that you have meet with him.

[Callejas] This is the fourth time that we have meet. We have an excellent relationship. We have a good rapport, and we have no problem discussing various topics. This allows much easier access to the U.S. Administration, because it gives us the opportunity to regularly talk with someone at an important level.

Honduras is quite welcome here. I confirmed to Secretary Brady today that the stopgap loan will be paid in due time, that they can trust us—because they have a very serious budget crisis.

[Reporter] Mr. President, the repatriation of capital has shown results in Guatemala and the exchange rate against the dollar has dropped. What chance is there of the same thing happening in Honduras, following the signing of the agreement, and of really and effectively implementing the agreement?

[Callejas] This is an important phase in improving foreign currency revenues. What really happened is that some delays in the country's economic process, the impact of the Persian Gulf crisis, the delays in imports, and the repatriation of foreign currency has created a system of currency speculation, and it is currently at an inappropriate level.

I have given specific instructions to the Central Bank president so that—once the final phases of the credit programs with the IDB [Inter-American Development Bank], World Bank, and IMF are completed and the necessary resolutions are adopted—strict measures are adopted regarding the exporters and the black market. My instructions have been quite clear.

This has to do not only with the money changers, but also with those who advocate a black market. The law has been approved, and it must be immediately implemented. If anyone believes that we will allow half measures, they are wrong. This is an essential area, because it destroys the national economy and foreign currency

must flow more easily. The cost of the Persian Gulf crisis will be in excess of $25 million for Honduras.

[Reporter] What was the most important topic discussed with President Quayle [as heard]?

[Callejas] With Vice President Quayle? We talked about the Persian Gulf situation; the circumstances surrounding the peace process in El Salvador; the need to have a greater and more vital ONUCA [UN Observer Group in Central America] presence in the region; and, above all, the need for the United States to continue to support us with funds from the CSF, which is a strong program. U.S. Congressional approval for the program has been requested.

[Reporter] Mr. President, still talking about economic issues, it was widely commented on in Honduras a few hours ago that there is the possibility of part of the debt being forgiven by the United States. Is there any chance of that? Has the possibility been discussed?

[Callejas] Yes, of course, provided that it is approved by the U.S. Congress. In other words, it cannot be forgiven just like that, particularly the debt with the Paris Club. There is an agreement with the Paris Club for some of the debt to be forgiven and the funds to be used in ecology programs. The most important part, however, will have to be approved by the U.S. Congress, and there are some initiatives toward this.

[Reporter] Is there any possibility of your visit resulting in the fuel price not being raised? Or, to the contrary, is a rise in the price of fuel an irreversible eventuality?

[Callejas] Sadly and frankly, we have no choice. The only other alternative would be for the government to subsidize fuel, which would entail making adjustments in other fields to compensate. We have considered all the alternatives. The truth is, to maintain the price of gasoline through subsidy—diesel fuel will indeed be subsidized—we would have to increase the sales tax from seven to 21 percent. Such a move is illogical, it does not make sense. The only way out would be to create more taxes, which we do not consider a feasible alternative. We should be aware that we cannot control this situation. We are not oil producers, but importers. Consequently, the added cost will have to be transferred to consumers in a scheme whereby diesel fuel will continue to be subsidized and the price of kerosene and the bunker oil used in the production of cement is not raised. This means that the burden of the price increase would be borne by gasoline, both regular and premium. Under normal circumstances, however, the current prices would remain the same.

[Reporter] Mr. President, President Bush said recently to the World Bank and international lending organizations that mechanisms should be sought to assist Third World countries, those countries in crisis, that are affected by the Persian Gulf situation.

[Callejas] There is nothing on this at the moment. We do not want to create groundless expectations. One of the points the Honduran delegation represented by Dr. Villanueva and Ricardo Maduro raised with U.S. Treasury Secretary Brady and Vice President Quayle is that the international organizations have no flexible funds to confront crises. Consequently, it is always necessary to go the route of approval, which requires six or seven months. There are no resources in the world to tackle short-term crises. Central America has attained something positive with the Mexican and Venezuelan Governments, basically at Honduras' initiative. These two countries are willing to defer the amortization of Honduras' debt by as much as 30 percent. But this does not mean we do not have to pay, only that the impact on our treasury will not occur all at once. As soon as the Persian Gulf crisis comes to an end, some kind of agreement can be reached with Mexico and Venezuela. This does not mean, however, that the price of oil has been reduced. The most recent billing mentioned $37 per barrel of oil, exactly 100 percent more than the price we paid before 2 August.

[Reporter] Mr. President, there is something we cannot ignore. The economic adjustment measures you approved have one way or another hit the pocket of all the Honduran people. This Persian Gulf situation does away with all of the calculations you made with the economic cabinet. To what extent, Mr. President?

[Callejas] This affects two large areas. One is inflation, which could be increased by as much as five percent. Anyway, we are studying these figures with the Central Bank. Second, we must disburse $25 million every three months, an amount we had not anticipated. You will recall that when we started the program, we established a deficit of approximately $80 million this year. With this, plus the slow repatriation of funds, the gap between what we had originally planned and what we have estimated for the rest of the year if the oil problem continues will amount to more than $50 million.

Official Explains Libyan Visa Denials

PA0310043490 Tegucigalpa EL HERALDO in Spanish 2 Oct 90 p 27

[Text] Deputy Foreign Minister Jaime Guell Bogran said yesterday that the Foreign Ministry did not act capriciously in denying visas to some Libyan deputies, that this decision was based on an institutionalized policy for nondemocratic countries.

Guell Bogran made this statement at the conclusion of a meeting with National Congress Deputy Chairman Teofilo Martell. Guell Bogran had gone to Congress to explain why it was decided not to grant visas to the Libyan deputies.

The deputy foreign minister said that "on orders from President Rafael Leonardo Callejas, it was decided not to let the Libyans enter the country."

According to Guell Bogran, the government's position is to maintain relations with all democratic countries, and since Libya is not democratic, then there is no obligation to grant visas to citizens from that country.

Teofilo Martell agreed with the deputy foreign minister that since Mu'ammar al-Qadhdhafi is Iraqi President Saddam Husayn's only ally, it is not expedient to grant visas to Libyans, because this would affect diplomatic relations with democratic countries.

Martell said: "This is not a suitable time for Libyans to be coming to Honduras." Martell reported that initially the visas had been granted, but then came countermanding instructions from President Callejas.

Nicaragua

Godoy: Nicaraguans Want To Work, Live in Peace

PA0210154190 Managua Radio Catolica in Spanish 1130 GMT 1 Oct 90

[Report on interview with Vice President Virgilio Godoy by unidentified reporter; place and date not given]

[Text] Doctor Virgilio Godoy, who for many sectors is the acting president of Nicaragua at this moment, said during the San Jeronimo festivities on Sunday that the Nicaraguan people want peace and, therefore, will not support any rebellious actions by the Sandinists. Let us listen to what Dr. Virgilio Godoy said:

[Begin recording] [Godoy] I want to share with the people of Masaya this traditional celebration, which is now held amid an atmosphere of great freedom, which we wanted and have obtained. We are here in Masaya confirming that the Nicaraguan people want peace; that they want reconciliation; that they want to work; and that they do not agree with the attempts being made to disrupt constitutional order, to disrupt the right to work, and to disrupt public liberties in the coming week.

[Reporter] Doctor, do you believe that these are the last shells being fired by the Sandinists, who are calling for a rebellion tomorrow? The people have shown that they do not agree with the Sandinists simply by not responding to the appeals that have been made. Do you think that the mobs that have been called upon by the Sandinists will be controlled by the proper authorities?

[Godoy] The Sandinist process is obviously weakening rapidly. This was demonstrated previously by the failed efforts to get a big turnout in the Managua demonstrations. The last demonstration, supposedly by ANDEN [National Association of Nicaraguan Teachers], did not even attract 800 people, and most of those who did show up were not even teachers. We can see, therefore, that the Nicaraguan people are expressing their desire for peace, liberty, and work. That is the most important thing of all. [end recording]

Lacayo Views Sandinist, Chamorro Administrations

PA0310001690 Managua LA PRENSA in Spanish 25 Sep 90 p 2

[Interview with Presidency Minister Antonio Lacayo by unidentified reporter on 25 September; place not given]

[Text] [Reporter] In an article published in the 23 September issue of THE NEW YORK TIMES, journalist Mark Uhlig claims that you have replaced political pluralism with a close-knit family-like administration, maintaining secret leadership, with little participation by the public or political allies. THE NEW YORK TIMES says that this is because you have developed a close working relationship with General Humberto Ortega, regardless of the opinions of those who voted for your government.

[Lacayo] The agreements to which THE NEW YORK TIMES refers, known as the "the transition protocols," were made precisely to allow the new government, elected by the people, to take office peacefully.

This was the only way for the government to start the work that the people had ordered with their votes—the country's definite pacification and the solution of the economic crisis.

[Reporter] In his THE NEW YORK TIMES article, Uhlig argues that these agreements have not been sufficient to bring the stability and social peace you mention. What are your thoughts on the matter?

[Lacayo] That the transition agreements have not been sufficient to guarantee social peace proves how necessary they were. Without them, we would not have accomplished what we have over the past five months—comparative social peace.

I believe that it is important to point out that although Nicaragua had a free electoral process, it was only the beginning of a new style of Nicaraguan government. The process on its own does not guarantee social peace.

Attaining social peace is a common task and calls for agreements with all the different social sectors.

[Reporter] Are you, as Uhlig says, the plenipotentiary of the Violeta de Chamorro government?

[Lacayo] Because of my post as presidential minister and by virtue of decree 1-90, I am obliged to serve as liaison between the president and the Cabinet ministers. This post requires a certain amount of discipline to guide the government along the basic lines clearly outlined by President Violeta de Chamorro. Basically these guidelines are national reconciliation and the concept that this government should be for all Nicaraguans and above any partisan interests.

[Reporter] THE NEW YORK TIMES hints that your national reconciliation policies are motivated by the fact that you are a businessman who has worked successfully with the Sandinists. How accurate is such speculation?

[Lacayo] I believe that we Nicaraguans are capable of coming to agreements, and this is in essence what democracy is all about. During the transition, it was necessary to reach agreements with the outgoing government. Today, Mrs. Chamorro's government is trying its best to reach agreements with the producers and the workers.

As time passes, it will be necessary to reach other agreements. It is important to change Nicaragua's authoritarian form of government to a democratic system that does not deny anyone the right to participate, in accordance with the Constitution.

[Reporter] But Uhlig implies that you made business deals with the Sandinist government.

[Lacayo] Those who did not live in Nicaragua during 1982, 1983, and 1984, when Sandinism really assailed the private sector, can hardly understand the merit of deciding to remain in Nicaragua and legally demand one's rights before the Supreme Court, which was also strongly influenced by the Sandinist government.

Mr. Uhlig only knows what happened in recent years, when, thanks to a favorable ruling, I managed to win control of the enterprise where I worked and restore the authority of the legitimate owners.

[Reporter] What about the "controversial agreement" that the TIMES claims you have with Gen. Ortega, to leave the Armed Forces and security forces intact in exchange for the Sandinists' pledge to relinquish power in an orderly way?

[Lacayo] The transition agreements only proved that there is a willingness to respect constitutional norms regarding the nation's Armed Forces and to guarantee that what was offered in the UNO [National Opposition Union] program would be implemented—that is, Armed Forces of a nation—not a party—the members of which cannot sit on the directorate board of any political party.

[Reporter] According to THE NEW YORK TIMES, the agreements were subject to a vote. It does not give names, but it claims that 50 persons voted and that the measure passed with a margin of only three votes. Is that true?

[Lacayo] I am not aware of that part of the story. In any case, that type of decision is adopted only by the president.

[Reporter] The TIMES correspondent mentions, in that same article and in another also published this week, the existence of a law that was published in LA GACETA in June and approved on 23 February. The law gives autonomous power to the head of the Army and reduces the power of the defense minister, which is Mrs. Chamorro. Was the law discussed with you during the transition in March?

[Lacayo] Different laws and constitutional norms concerning the nation's Armed Forces were reviewed during discussion of the transition agreements. The law signed by former President Daniel Ortega during a National Assembly recess was brought up on that occasion.

I believe that the National Assembly, the members of which are elected by the people, is responsible for reviewing not only this law, but all the existing laws of the country so that it may be able to guarantee the development of the type of society that most of the Nicaraguan people want.

[Reporter] The U.S. publication also implied that you and General Humberto Ortega organize and call off the strikes by common agreement. What can you tell us about this?

[Lacayo] The strikes have done considerable damage to the country. The people have rejected them, mostly due to the high cost that they represent for our economy.

That we have positively exerted our influence so that the two strikes ended through negotiation means that we have the power to end them, rather than to start them.

We do not think it is patriotic or constructive to sponsor strikes as long as our economy has not recovered. The right to organize a strike, however, is stated in the Constitution.

[Reporter] What do you think about Uhlig's thesis on the existence of an unusual relationship between you and General Humberto Ortega? The thesis is supported by the monopoly that you have over the media, because LA PRENSA is owned by the Chamorro family and your wife is the editor in chief.

[Lacayo] The government has only two television channels and one radio station. The newspaper LA PRENSA is not an official mouthpiece, and we do not want it to be one.

We were, nevertheless, pleased to see the birth of two weekly publications, NOVEDADES and EL SEMANARIO, which are the expression of the full freedom that exists in the country and represent a contribution toward the political pluralism that must exist in the country.

[Reporter] To conclude, THE NEW YORK TIMES says—through its correspondent in Managua—that this is a close-minded and autocratic government. How would you describe it?

[Lacayo] We have achieved true independence among the branches of state for the first time in our history. The National Assembly has its own system. The Judicial and Electoral Branches have their independence. This had not existed in Nicaragua for the past 50 years.

Popular Struggle Front Calls for Civil Resistance

PA2909160390 Managua BARRICADA in Spanish 26 Sep 90 pp 1, 5

[Text] Representatives of different popular sectors on 25 September formed the Popular Struggle Front [Frente de

Lucha Popular]. The Front gathers together "large segments of the population so that they can resist, in an organized manner, the government's plan," which they consider unpopular and inhuman.

Representatives of the Committee for the Defense of the Poor, the Historic Combatants Movement, the Communal Movement, the National Workers Front [FNT], and the Organization of Disabled Revolutionaries met for the first time and stressed that their methods for struggling "will be strictly civil."

The representatives explained that their main goal is to try to point the government toward a "genuine national dialogue," so that the rights and achievements of the popular sectors are respected. Toward that end they will coordinate civil resistance activities, including the teachers' march, to be carried out on 26 September, and the national resistance day to be observed on 1 October.

The Popular Struggle Front will protest, "in a creative way," the scheduled layoff of approximately 9,000 teachers, which will affect approximately 270,000 children's right to attend school, and the firing of another 20,000 workers that has already been announced by Violeta Barrios' cabinet.

Another of their priorities will be to defend the houses and lots assigned to those who live in various neighborhoods, because Decrees 85 and 86, which protected those occupants, will expire on 9 October. In that regard, they will organize the "march for homes," so that the National Assembly does not leave this large sector unprotected.

Another of the points that the Popular Struggle Front will include in its plan for struggle is to stop reductions in salaries and credits to small and medium-sized producers, because "if people who earn salaries cannot eat and producers cannot produce now, how would it be after the reductions?"

At the end of the inaugural session, the representatives of the different organizations decided to call on the government to keep the agreements it signed with the FNT on 11 July and "immediately set into motion an emergency plan against drought, hunger, and unemployment."

The Popular Struggle Front stressed that it is not embarked on an irrational collision course with the government, because it wants to "make the government understand that true dialogue must take into consideration" the broad sectors of the country, that "are feeling the tremendous impact of its measures. We do not want to destabilize the country, quite the contrary. That is why we are struggling."

"It is impossible to negotiate with the government when the people's rights to land ownership, jobs, housing, and social services are under attack," FNT's Lucio Jimenez noted as he announced the 10 preconditions established by his group to participate in the dialogue. It makes no sense to sit down to discuss points we have already agreed upon, but which the government has flagrantly violated, Jimenez said about the government's failure to keep its commitments regarding the implementation of Decrees 11-90 (on the return of properties), 85 and 86 (on housing), 8-90, and the Civil Service Law.

The labor leader also complained that violation of the agreements includes making a mockery of commitments to respect the workers' collective bargaining agreement in the health and education sectors and commitments to give financing to industries, small-scale businesses, and cooperatives. He also described the avalanche of dismissals as reprisals. Compliance with these agreements and the immediate creation of an emergency plan against hunger and unemployment, the establishment of committees to resolve the almost 100 currently raging disputes on agrarian matters, and respect for the autonomy laws are the conditions outlined by the FNT to negotiate with the government.

"We are ready to participate in a dialogue, but to have a true consensus, we need those minimum conditions," Jimenez stated, adding that, the government stance notwithstanding, the people will defend their rights from the grass-roots level. The idea is to keep the Pereira "sharks" and the Arguello Pravias [not further identified] from gaining strength, because they constitute a "foothold for the regrouped oligarchic and Somozist sector that was overthrown by the revolution," he said.

"We are analyzing the invitation to join the dialogue because we want solutions to the country's problems. But everything seems to indicate that the current government is more interested in hearing the criteria of the IMF than that of the workers," Jimenez added. "Whether or not they accept it, we are calling on all the people to establish a Popular Struggle Front, in which there will be ample room for those who feel hurt and understand that being united is the only way to defend our rights," he concluded.

FSLN's Arce Assesses Nationwide Protest

PA0210165690 Managua EL NUEVO DIARIO in Spanish 30 Sep 90 pp 1, 8

[Text] "The start of the civil protests on one October does not mean that the country is going to explode. It means that demonstrations will be carried out to make the government prove with deeds that it is going to solve the country's situation."

This is what Bayardo Arce, member of the FSLN [Sandinist National Libeation Front] National Directorate, said about the civil protests, which have been organized by the National Workers Front (FNT) and which are now supported by the massive Popular Front.

Arce said that some sectors have misinterpreted the civil protests. He said: "We have tried to start a movement through demonstrations in sectors where there are more problems."

Arce warned that it has not been decided yet when to stop the demonstrations because the announcements made on 28 September by Presidential Minister Antonio Lacayo do not reveal any basic changes in the government's policy.

Arce said that Decrees 10-90, 11-90, and 8-90 are still in effect and the National Assembly could repeal or modify them. He said: "We can see that the National Assembly, however, in its debate on the Teachers' Law, is adopting a closed, revengeful, and polarizing attitude. There is no hope that the Assembly will adopt a proper political attitude."

Arce said that during the past strikes, the government had said that it would not fire any employees. "The next day, however, several ministers were firing employees. We will have to see if the ministers will abide by the decision adopted by the government."

Arce says that the government continues with its revengeful and polarizing policy. If it tries to proceed with an economic program that only solves the monetary problem, ignoring the social consequences, "the people will logically explode with anger. They will protest in several ways, and the FSLN will be there with the people."

He said that the presence of the FSLN in a social protest "is a patriotic duty. If there are protests without the presence of a leading party, like the FSLN, once the movement starts, no one will be able to control it."

He said that if an outburst occurs, the situation will be worse "than the one in July."

He said: "We are not speaking of wars or coups d'etat, but naturally, the international community and the United States will have to set their eyes on Nicaragua again."

"That is what Daniel Ortega told Ambassador Schlaudeman. We told him that the United States is duty bound to review its policy on cooperation and on Nicaragua's debt. It should lend the country the necessary resources so that this outburst will not occur."

Bayardo said that the government is saying that it does not have enough resources and that "the government wants to use its available resources to solve economic problems only. It says that if it had more resources it would develop social programs. We believe, however, that it should use what it has for social and economic programs."

Asked why the FSLN congress was postponed, Arce said it was because of the situation in the country. "We had started a popular consultation, calling on the barrio residents to debate the program but all the people kept telling us that they did not have food or jobs and that their children were dying. Not one of the residents spoke to us about the congress, programs, or statutes, but about their immediate problems. When we saw that this situation was getting worse and that the government was not receptive and was insensitive to the population's needs, we decided to organize a mass social movement. This movement has a nature of its own and probably would have developed by itself."

Arce said that it is impossible to go ahead with Sandinism's internal dynamics "because the people have their minds on something else. According to the schedule we approved, we would have started to work on the project drafts this Monday and, with the documents drafted, we would initiate a party consultation on 1 November. But what will start on Monday will be a national protest drive. We, FSLN leaders, will not, therefore, shut ourselves in an office to make plans."

At this stage, we have to be with the people, political parties, businessmen, media, and everybody else. We must arouse their awareness of the seriousness of the situation. "We do know how long this will last. The government made some announcements and, according to its schedule, it expects to have the results of the national dialogue by late October. This means that throughout October we will have to study the people's problems, such as hunger, unemployment, infant mortality, and the peasants' tensions. Although we did not stop the discussions, I am sure that, if an FSLN member invites the people in a barrio or working center to talk about the FSLN statute or program, he will be regarded as insane. The people are really thinking about what will happen to them the next day."

Regarding the organizational structure of the FSLN after its electoral defeat, the party started to develop a basic structure "comprising what we describe as FSLN activists, many people who have been linked to the party but who have not been integrated into the organization for ideological and bureaucratic reasons."

This is how the category of affiliate members was created. "At present the FSLN has more than 100,000 members," Arce confirmed. Referring to the Socialist International [IS], he said that "this is a topic we still keep open for discussion. We think the FSLN should discuss joining an international trend that will allow us to establish more ties."

On the discussion agenda, the IS is not the central point because the party's rank and file are not very familiar with these international organizations. The people's attention is also more focused on the immediate problems and on the mistakes "we made and the weaknesses we suffered in the past few years."

Arce recalled that the FSLN holds the Vice Presidency of the Permanent Conference of Latin American Political Parties [Copppal] through Commander Tomas Borge. The organization is less leftist than IS because it includes centrist and conservative parties. Arce said that he himself is the vice president of a Latin American democratic parties forum presided over by Raul Alfonsin.

Ortega Describes FSLN-Government Meetings

PA0310044890 Managua Radio Sandino in Spanish 2036 GMT 2 Oct 90

[Statement by former President Daniel Ortega to foreign and local reporters in Managua—live]

[Excerpt] [passage omitted] I have been holding very intense talks with the government over the past few days. A government commission headed by Mr. Antonio Lacayo, Presidency minister and coordinator of government directorates, has been meeting with an FSLN [Sandinist National Liberation Front] commission which I headed. I have also held meetings with UN representatives in Nicaragua, Cardinal Miguel Obando y Bravo, leaders from the evangelical churches, and the U.S. ambassador. The FSLN has also kept the diplomatic corps in Nicaragua informed.

Last night the government and the FSLN held another working session that lasted several hours. As usual the government commission was headed by Engineer Antonio Lacayo and the FSLN commission was headed by yours truly.

In its statement last night, we found the government willing to hold a meeting today with the National Workers' Front [FNT] to discuss where and under what circumstances the government has failed to fulfill the 11 July agreements. It is the government's duty to guarantee that the agreements it signed on 11 July are fulfilled. This, therefore, is a very important step, and the FNT is about to meet with a Nicaraguan Government representative.

The government has also officially announced its decision to suspend the dismissals. This and the national budget are issues that we discussed at the dialogue that began on 20 September and is scheduled to continue on 4 October. The government also officially announced its resolve to form a commission to discuss the land issue. This commission will represent farmers, producers, demobilized contra peasants who are demanding land, and Nicaraguan Government officials.

Taking into consideration that this is one of the most delicate issues, that tensions in the countryside have intensified over the past few days, that tension prevails in the Concepcion and Guaslala areas, and that there have been political confrontations and deaths due to the land issue, this commission will sum up an entire policy to provide immediate answers to the land problems, particularly in the areas of the country most in conflict.

At this meeting we also discussed the Atlantic coast issue. We presented a broad report on the Atlantic coast situation, and on the urgent action that residents of Nicaragua's Atlantic coast are demanding in fulfillment of the autonomy law. They are also demanding renewed emergency aid, considering the increased price of basic products and transportation. The Atlantic coastal area population is experiencing a true tragedy; they are short of food, medicine, and jobs. These people have also complained that such important natural resources as lumber and sea products are being ravaged. The government has decided to take steps to deal with the most urgent problems in the Atlantic area and also to deal with the autonomy law issue.

At this meeting the government also confirmed its resolve to accumulate funds for emergency programs in areas affected by the drought, and additional funds for the jobless in municipalities. This will entail creating a fund to employ the older municipality employees who were left jobless, and additional funds for repatriated and demobilized contras who are demanding jobs.

At last night's meeting, the government displayed a willingness to make progress in responding to the 10 points that we put forward at the 26 September meeting. We believe, therefore, that the government's position—which is already known—on the decisions of which we were made aware last night, are steps the fulfillment and execution of which will now be put to the test. A positive statement was issued, but now the positive statement must become a reality. The government is greatly responsible for ensuring the fulfillment of what it has stated, promised, and announced.

As for decree No. 1-90 on the transfer of judicial branch and electoral branch functions to the executive branch, the government announced that it has already contacted Supreme Electoral Council President Mariano Fiallos, and that it will contact the Supreme Court to coordinate the effort and not weaken these branches of state. Decree No. 10-90 was suspended in July. Regarding Decree No. 8-90, the government expressed willingness to find a way to implement it in a flexible manner, taking into consideration the number of people who were affected [word indistinct] and who are demanding indemnification. Concerning Decree No. 11-90, I would say that it is an unresolved issue because the [words indistinct] that the decree will not, under any circumstance, benefit any Somozist.

I am announcing this, and I will repeat what the government told me last night, what Mr. Antonio Lacayo told me. He said that no Somozist whatsoever will benefit. What does this mean? That no Nicaraguans will lose their land—not those living in settlements, or in housing assigned by the revolution, or working on land received from the revolution. In all of these cases, they have assured us that the land will not be returned. Not even those properties that belonged to Somozists. We are talking here about two types of claimants: there is the Somozist claimant who is returning to Nicaragua, who is directly threatening the people with snatching their homes or lands [no second type of claimant mentioned as heard]. The government has made it clear that these people will not return anything to any Somozist.

It is up to the citizens now to ensure that the rights that they have acquired through the revolution, which are being ratified by the government, are enforced. In other words, it is up to the people organized in settlements and

neighborhoods to not allow anyone to approach them with the line that they have been promised the return of a house, lot, or [word indistinct]. There are many Somozists proliferating like buzzards at settlements, neighborhoods, the cooperatives, and at peasants' farms. The government has issued its official position that none of those lands will be returned.

We are urging the Nicaraguan people, regardless of their political or ideological inclinations, to defend the land, homes, and lots given to them by the revolution, which—as the government has ratified—will not be returned by way of decree 11-90. [passage omitted]

FSLN Directorate Member Dies in Cuba

PA0210220490 Hamburg DPA in Spanish 2032 GMT 2 Oct 90

[Text] Managua, 2 Oct (DPA)—The National Assembly will declare two days of mourning starting tomorrow because of the death of former National Assembly President Carlos Nunez Tellez in Cuba. Nunez Tellez was a member of the Sandinist National Liberation Front (FSLN) National Directorate.

In a statement for DPA today, National Assembly Vice President Luis Sanchez Sancho confirmed that the FSLN leader's remains will arrive in Managua from Havana tomorrow, and will be lying in state at the National Assembly, which the FSLN leader headed for many years.

Sanchez Sancho, a member of the Socialist Party, who during the Sandinist government opposed the FSLN legislator, said that Nunez Tellez' death represents a loss for the Sandinists. He recalled that Nunez Tellez always handled parliamentarian relations very well during Daniel Ortega's government.

Sanchez Sancho said that the Assembly will approve a resolution on the legislative decision to declare two days of mourning. The board of directors will propose the motion to the plenum.

"He always tried to maintain a consensus," Sanchez Sancho said of Nunez Tellez, who is believed to have been the "fundamental column" in drafting Nicaragua's main legal framework, the political constitution, which was approved in 1986 after 49 days of sessions.

Sandinist spokesmen told DPA that Nunez Tellez, who was a member of the Executive Committee of the World Interparliamentarian Union (UIP), had not been able to attend a working session of that international forum because of health problems.

The news about Nunez Tellez' death was received with great dismay in the Assembly and caused consternation among some 200 employees who had worked with him for many years while he was president of the legislative branch.

Panama

Endara Discusses Oil Deal With Venezuela

PA0210140690 Panama City Circuito RPC Television in Spanish 1730 GMT 1 Oct 90

[Interview with President Guillermo Endara by unidentified reporter in the Indonesian Room of the United Nations in New York City on 30 September—recorded]

[Text] [Endara] In Panama we do not want to live under a dictatorship. We do not want people to have to live under a dictatorship. We are concerned about our children. We have been given a copy of a proposal from Czechoslovakia that calls for work. We Panamanians must work for democracy for all the people.

[Reporter] Mr. President, have you discussed the Panamanian democratic process with any of the heads of state? How do they view this situation?

[Endara] I was very surprised about how well informed the Latin American heads of state are. They are well informed about our democracy. They are following our situation closely and want our democracy to succeed. For example, they know that in Panama no one is worried about not having democracy and liberty. This is a great sympton. If a poll had been conducted one year ago, the conclusion would have been that the Panamanians were very concerned about liberty and democracy. Nowadays no one is worried about that. Why? Because we have already secured it. Why worry about something we already have?

[Reporter] I believe you have plans to meet with the president of Venezuela.

[Endara] I have already met with him. We discussed the oil issue. The Venezuelan president is very concerned about the hike in oil prices. He thinks that oil prices are higher than they should be. High prices are the result of irrational speculation. Oil prices must be brought down for everybody's sake. The Venezuelans had a bad experience because of a previous hike in oil prices. The Venezuelans had major problems.

I had the opportunity to thank the Venezuelan president for receiving Panamanian Commerce Minister Juan Chevalier in Venezuela and for having made the beneficial and interesting proposals that they made. I told him that we are prepared to study the Venezuelan proposals and that we may be prepared to sign an agreement to purchase oil from Venezuela for some time.

[Reporter] Is Venezuela offering you a standard price for a definite period of time?

[Endara] In essence that is what it is. There are many aspects to it, and I have not had the opportunity to study them all. In essence, what happens is that the San Jose Pact is selling oil to us, and 20 percent of it is being charged on a credit line. I do not know how this will be paid back. Now they are prepared to increase the amount

to be purchased on credit to 30 percent if the purchased amount exceeds an established level. This means that we would be paying much less than the world market price. We would be acquiring a debt with Venezuela, but we will see later how to pay it back. This is more or less the plan we have established with Venezuela.

Chevalier on Terms of Agreement

PA0210165290 Panama City EL DIARIO INDEPENDIENTE in Spanish 1 Oct 90 p 20

[Report by Doris Hubbard-Castillo]

[Text] Commerce and Industries Minister Juan Chevalier has described the results of his visit to Venezuela as "very successful" because Panama will be able not only to receive oil but also to obtain credits for purchasing it.

Chevalier and Nitzia de Villarreal, director of hydrocarbons of the Mici [Commerce and Industries Ministry], traveled to Venezuela on 24 September to meet with high-ranking Venezuelan officials, including Energy and Mines Minister Celestino Armas.

After several meetings, the Panamanian delegation was assured of Venezuela's commitment to supply oil to Panama. In addition, Panama will receive the same treatment as other Central American nations. Thus, when the price of a barrel of oil exceeds 21 balboas, Venezuela will finance 30 percent of the oil bill and Panama will only have to pay 70 percent in cash.

This does not mean that Panama will pay less for the oil it buys. It means instead that Panama will not have to disburse the total payment when oil is sold for over 21 balboas a barrel, and this will give "some support and liquidity" to the government's finances and will enable the government to face the high oil costs, reported Roberto Alfaro, deputy commerce and industries minister.

Business Lawsuit Against U.S. Called 'Positive'

PA2909214890 Panama City LA ESTRELLA DE PANAMA in Spanish 26 Sep 90 p A-4

[Unattributed editorial: "The Businessmen's Lawsuit Against the United States"]

[Text] The National Council of Private Enterprise (Conep) recently informed the country that it has hired two law firms to file a lawsuit against the United States on behalf of approximately 2,100 Panamanian businesses. The lawsuit will be filed because of damages done to local business and industrial sectors during the bloody invasion of the U.S. Army on 20 December 1989. The law firms hired by Conep have offices in Panama and the United States, and their duty is to demand indemnification for over $432 million. The Panamanian businessmen believe that the U.S. Army should have provided protection for the local businesses, industries, and Panamanian citizens in general to avoid or prevent the vandalism that took place during the armed intervention last December.

The Conep leaders obviously believe that the lack of protection was the cause of the generalized looting that took place during the bloody events of last December. According to a communique released by Conep, because protection was lacking, the U.S. Government must compensate the businesses that were affected and that have not received any kind of assistance thus far. We believe that the attitude of the businessmen is a positive one. Since the first few weeks after the U.S. invasion of Panama, we have been insisting on the need for both the government and the business sector to use legal and diplomatic channels to demand the compensation to which the Panamanian people are legitimately entitled.

Unfortunately, only now are the public and private sector becoming aware of what happened in this country. Our country lost thousands of fellow countrymen who were killed in the middle of that war. The nation and private sector suffered immense property damage. Both the government and the private sectors were patient and waited for fair and equitable economic assistance. That assistance has not arrived as it should have. In view of that situation, the public and private sectors have been forced to take another route in the form of a lawsuit. The looting and vandalism resulted from the invasion and the dismantling of the forces in charge of maintaining public order. It is, therefore, necessary to blame the Army responsible for the invasion.

We know that the lawsuit will have a long and cobbled path. Despite the sacrifice and long wait, however, this action is dignifying and appropriate. As Conep states, even after eight months, the country continues to experience the effects that the devastating economic trauma had on the Panamanian business sector. Those responsible for that situation must, therefore, face it responsibly and seriously.

Column Implies U.S. Forces Strengthened

PA2909151990 Panama City EL SIGLO in Spanish 29 Sep 90 p 5

[From the "Leaks and Tips" column]

[Text] We are well protected. If the information we have received is true, it would be difficult for those who want to destabilize the democratic climate amid which we are currently living to do so and thereby further their corrupt goals. The regular Southern Command forces have supposedly been reinforced with intelligence agents from the CIA, FBI, U.S. Customs, Secret Service, Immigration, the Pentagon, DEA, the State Department, as well as security advisers in different fields. The forces will have a total of approximately 60,000 men. Let this be known to all those who want the Noriega regime to return. They can forget about it.

Linares Protests U.S. Bill on PCC Employees

PA3009195290 Panama City EL SIGLO DOMINICAL in Spanish 30 Sep 90 p 38

[Text] In a letter sent to U.S. Ambassador Deane Hinton, Foreign Minister Julio Linares denounced a bill (House Resolution 137) submitted by U.S. Congressman Jack Fields, at the request of the Masters, Mates, and Pilots Trade Union, to grant early retirement to a group of Panama Canal Commission [PCC] employees, something that is to the detriment of other employees and in open violation of existing treaties.

The letter, dated 19 September and signed by Linares, states that efforts to promote that bill on behalf of a small group of employees is at odds with the terms of Numeral 10 of Article X of the Panama Canal Treaty, which reads: "The United States of America will provide an appropriate early optional retirement program for all persons employed by the Panana Canal Company or the Canal Zone government immediately prior to entry into force of this treaty."

The Foreign Ministry letter states that, in essence, the aforementioned paragraphs can be interpreted to mean that early optional retirement is exclusively intended for employees who had worked for the Panama Canal Company or the Panama Canal Zone before the Panama Canal Treaty entered into force and continued to work in the PCC, and not in the way that it is presented in the bill.

That same government entity stated that drafting a law that grants rights not contained in the treaties, which, in addition, discriminate (in favor of a select group), is a measure that is not beneficial to the new norms of conduct that must prevail in political relations between Panama and the United States regarding implementation of the Panama Canal Treaty. It goes without saying, the letter added, that the enactment and enforcement of this law will have a negative impact on employee morale and will cause discontent. Not just the current PCC administration, but also the spirit of harmony, cooperation, and respect that must always exist among our governments will face a difficult situation.

We hope that these considerations, the letter concluded, can prevent an injustice against many PCC employees who are not eligible for such labor benefits, since they are excluded by the treaties.

Students Occupy Costa Rican Embassy, UN Office

PA0210041990 Mexico City NOTIMEX in Spanish 2030 GMT 1 Oct 90

[Text] Panama City, 1 Oct (NOTIMEX)—A total of 10 university and secondary school students today occupied the Costa Rican Embassy and the UN offices in this capital and declared themselves on a hunger strike until 1800.

Luis Pinto, spokesman of the strikers, said that the measure was to protest the Education authorities' refusal to readmit five student leaders who were expelled from the National Institute almost two months ago.

Last July, hundreds of students of the National Institute—one of the leading secondary schools in Panama—demonstrated to demand equipment and material for their school. Their demonstration resulted in clashes with the police.

Former FDP Officer Discusses M-20 Group

PA2909160990 Panama City EL SIGLO in Spanish 28 Sep 90 p 16

[Report by Aneldo Arosemena]

[Text] A former officer who was a lieutenant in the defunct Panama Defense Forces [FDP] has told EL SIGLO that the alleged clandestine group known as M-20 [20 December Movement] does indeed exist. He also said that it has been bolstered by the addition of some of the one hundred officers who were recently retired by President Endara.

The former lieutenant graduated from a South American military academy where the former chief of deposed General Manuel Antonio Noriega's escort, Asuncion Eliecer Gaitan, also studied. He worked for FDP security organizations inside the country before the 20 December invasion. For obvious reasons he asked us not to release his name.

This officer worked for the Public Force [FP] for a month and was later fired. He said that among the many former FDP members and officers who now work in the FP, there is a feeling of true hatred and resentment toward President Guillermo Endara's democratic government, adding that this feeling grows as time passes.

The former officer, who denied being a member of the M-20, but who did say he is kept posted on some information regarding the alleged group, said that M-20 is preparing to carry out future actions against the current government, but gave no details on what those actions would be.

He also said that the bombs that were set off several months ago at the homes of Comptroller Ruben Dario Carles and Finance Minister Mario Galindo were "a warning" to the current government.

The officer ruled out a coup d'etat by members of the FP against the democratic government because he said the FP does not have the necessary strength to carry out such an action. He said that, besides, the presence of American troops in our territory would prevent it.

Broadcasting Association on Radio Cancellations

PA0110194590 Panama City LA ESTRELLA DE PANAMA in Spanish 25 Sep 90 p A-7

[Communique issued by the Panamanian Radio Broadcasting Association in Panama City on 20 September; published as a paid advertisement]

[Text] **The Panamanian Radio Broadcasting Association (APR)**

Whereas:

1. One of the main objectives of the APR is to safeguard the principle of freedom of expression within the ideological platform of democracy, liberty, and justice.

2. Laws should not only be enforced based on the letter, but also on the spirit with which they were promulgated.

3. In a democracy, actions cannot be taken without taking into consideration their consequences and future repercussions.

4. Panama has lived through years of crises and economic, political, and social instability which have prevented the normal development of the radiobroadcasting industry.

5. Democracy cannot be consolidated without fully guaranteeing the freedom of expression.

Resolves:

1. To reject any innocent or ill-intentioned allegation that our association defends political interests of any kind.

2. To reaffirm its commmitment to defend the principles of freedom of thought and free enterprise.

3. To reiterate its concern over the application of Decree 155 to cancel frequencies without submitting it to a broad debate among the parties involved.

4. To reiterate our position expressed to the Technical Directorate of the Ministry of Government and Justice in the sense that stations that are currently off the air, for well-known reasons, should be given a longer deadline to resume transmissions.

5. To reiterate our commitment to contribute to the strengthening of democratic institutions.

Issued in Panama City on 20 September 1990

APR Board of directors

Lack of Planning in Reverted Areas Decried

PA0210175090 Panama City CRITICA LIBRE in Spanish 1 Oct 90 p 4

[Unattributed editorial: "Entry Into the Panana Canal Zone and the Failure of the Reverted Areas"]

[Text] On 1 October 1979, the entire propaganda machine of the so-called revolutionary process gave wide display to the entry into the Panama Canal Zone by the Panamanian people, glorifying trite phrases like the elimination of a fifth border and the last remnants of colonialism. By a strange irony, General Omar Torrijos, who headed the campaign that culminated in the signing of the treaties named after him and former U.S. President Jimmy Carter, did not attend any of the ceremonies.

Eleven years following that event, Panamanians are showing a resounding failure in the reverted areas. First, there was the curiously shortlived Canal Authority. Then, during the administration of Nicolas Ardito Barletta, an Institute of Reverted Properties was planned but remained on the drawing board. The gradual deterioration of the entire package of recovered goods was so great that it became a showcase for our ineptitude and carelessness. The houses were handed over as political booty. The railroad languished in total abandonment. The Cristobal and Balboa ports began to show signs of decay. And so, during the time of the dictatorship, we lost our image as administrators, and to such an extent that the people abroad felt that if we were incapable of running a railroad we could hardly prove to be efficient in handling the interoceanic waterway.

Time has passed, and we have been living in a democracy for a little over nine months now, but in many ways the situation has not changed. The tenants of the houses in the reverted areas conitnue to complain about the lack of maintenance, and an imminent rent increase hangs over them. Moreover, a large number of allegedly homeless persons have taken control of these houses to continue taking advantage of their dubious status as homeless, while the middle class is clamoring for housing in line with its social standing. We are including in this group public employees who have to perform a juggling act to find appropriate and decent housing.

The Panamanian community does not understand why a number of public offices have not been moved to reverted areas, and why the government continues paying high rents to private owners. We have proven ourselves to be highly incompetent in finding adequate use for most of the installations. We are concerned that, although we have less than a decade left to go, we still have not seriously planned what to do with the Canal area. We understand the transition phase we are going through, but strong and urgent actions must be taken because the world is looking at us, and hopefully it will not catch conjunctivitis from watching so many erratic policies.

The decolonization process—as the leaders of the 1 October 1979 campaign used to say—began 11 years ago. What a strange nationalism of the Torrijists, who placed us under the umbrella of the Pentagon and accepted amendments like the De Concini amendment. What a suspect patriotism it was that Noriega's supporters used to proclaim, the same ones who, among other things, conducted joint maneuvers with the United States no longer ago than 9 January 1985. This is the Panama that still exists and has not yet begun its march toward the dawn of the year 2000.

Argentina

Menem Cited on Cuba, Gulf, Americas Initiative

PY0210161890 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2240 GMT 1 Oct 90

[Text] Washington, 1 Oct (NA)—President Carlos Menem said here today that "Argentina is not a mercenary nation but a nation with dignity." He gave assurances that "Argentine military men are waiting for their turn to go to Kuwait."

In a news conference held after his speech to the OAS, Menem told journalists that "Argentina is the pioneer among Latin American countries as far as severe economic adjustments are concerned."

Menem, who had a tight schedule in New York and Washington this morning, agreed with the possibility of Cuba joining the OAS. He said: "There would be no problem if everyone reached agreement on the matter." "Fortunately all the countries on our continent are democratic, except Cuba. The possibility of Cuba joining the OAS may help to restore democracy in that country," Menem said encouragingly.

Menem joked when answering a question on whether he could serve as an international mediator in the Persian Gulf conflict, saying: "Don't I have enough with my own country's problems?" He added: "Don't worry; if they ask me, I will agree to do so."

Referring to the possible contributions of other Latin American countries to resolving the Persian Gulf crisis, Menem said: "It could be the same as with Argentina: sending troops to help enforce the embargo." He noted: "This problem in the Middle East does affect us, but not so much as it does other countries which, unlike Argentina, are not oil producers."

The president dismissed the idea of a military technology project at the international level, saying: "The Condor-2 project was deactivated months ago, and we have not sold nuclear technology to Iraq."

Menem delivered a speech at the OAS where he was attending a ceremony in which Juan Pablo Lohle, Argentina's permanent representative to that organization, was installed as the assembly president.

Referring to President Bush's Initiative for the Americas, President Menem proposed that "the OAS act as the driving force in this process." He recommended that political support be given "to the technical proposal, seeking regional consensus at the appropriate forums." He suggested that an OAS summit to discuss the Bush proposal be held in 1991.

Finally, Menem called on the OAS to undertake "a search for coordinated efforts in the economic area" so we can move "from a wasted decade to one filled with hope."

Menem Confirms Kuwait Interest in Trade

PY0210181590 Buenos Aires DYN in Spanish 1412 GMT 2 Oct 90

[Text] Buenos Aires, 2 Oct (DYN)—President Carlos Menem today confirmed that the Kuwaiti Government-in-exile is willing to invest in Argentina and to import [as received] Argentine products. He said: "They are very interested in foodstuffs and maybe in some weapons."

In an interview to Radio Mitre from Washington, Menem emphasized that it "is true up to a point" that the interviews with the exiled Kuwaiti officials have been successful and that "Minister Antonio Erman Gonzalez, who was going to leave with us, will stay behind to continue talking to the Kuwaiti economy minister," in New York.

Asked whether the invaded Arab country could really invest in Argentina, or import more than $1.5 billion-worth products— more than what Argentina pays to the IMF and the World Bank—Menem said: "Anything is possible for a country as wealthy as Kuwait."

He added that the Kuwaitis "are interested in importing foodstuffs," because "they live in the desert where the only wealth is oil." This is why they are interested in importing foodstuffs, Menem said.

The president also said: "They may have to re-equip their Army" and may therefore be interested in "purchasing weapons from us."

Referring to his talks with the Kuwaiti amir, Menem said: "A lot of business can be done with Kuwaiti money in Argentina."

He also reported that the Kuwaitis are very enthusiastic about the first negotiations to be held with Argentina. He said: "The amir immediately called his economy minister and put him in contact with Minister Gonzalez," who will stay in New York to "continue the talks."

Concluding, Menem explained that the lengthy talks between the two ministers are aimed at "clearly investigating the possibility that Argentine may sell its products to Kuwait and that Kuwaiti businessmen may invest in Argentina."

Menem also said that he wants the inflation rate to drop to two percent soon, although he added: "It is very difficult to make forecasts in the field of economy, particularly in an interdependent world such as ours."

Cavallo on Long-Term Results of Economic Plan

PY0210180090 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1230 GMT 2 Oct 90

[Text] Buenos Aires, 2 Oct (NA)—Foreign Minister Domingo Cavallo has stated that "it is very naive to think that decisions like the one to send ships to the Persian Gulf will yield immediate economic results." He noted that these

results "will come later," when the policy the government is implementing is finally consolidated.

"We cannot seek to enjoy the benefits of being part of the developed world unless we generate a serious, stable, and predictable economic system and unless we are fully committed to the task of organizing a new international order," he said.

Cavallo said that for Argentina "the time has come to assume its role in the new world that is taking shape," a world in which "our position as a partner of the United States demands a strict defense of our national interests in an international situation in which isolation is synonymous with failure."

In remarks to the newspaper EL CRONISTA COMERCIAL, Cavallo defended the new ties between Argentina and the United States, saying: "Thanks to this profound friendship, we find ourselves in an international situation comparable only to the one that existed at the end of the last century."

He admitted, however, that this situation will not yield short-term benefits, but when investors "realize that the change is irreversible, they will begin to adapt themselves to the new situation and try to profit from the advantages achieved through the country's new position."

He noted that possible setbacks in the privatization process will not affect the country's image in the eyes of possible investors "because the decision to change the Argentine state, to end a conception of government that prevailed for more than 60 years, is more important than the uncertainties of concrete deals."

"The country's credibility cannot be measured by the amount of fresh money that some companies participating in the privatization process are willing to invest, because the truth is that we are daily receiving consultations from those who also want to participate in this process," he added.

Cavallo concluded by saying that "Western powers clearly understand the intensity and direction of the change."

Menem Meets Brady; Debt Reduction Possible

PY0210235590 Buenos Aires DYN in Spanish 2310 GMT 2 Oct 90

[Text] Washington, 2 Oct (DYN)—President Carlos Menem today revealed that there is a "good chance" that U.S. creditors "may reduce Argentina's foreign debt," adding that this could happen through "a treatment similar to that given to other countries like Mexico."

He explained that the debt could be reduced through capitalization and admitted that among the figures mentioned in the course of a talk he just held with U.S. Secretary of Treasury Nicholas Brady, "we talked about a 50-percent (reduction)."

Menem asked the press not to take this figures as final because "we are still talking, and the media tend to start mentioning figures that I have not disclosed."

Menem also said: "The president has the final word" on the Entel [National Telecommunications Enterprise] privatization and categorically stated that "the deadlines will be complied with no matter what."

Menem Concludes Trip to U.S., Venezuela

PY0310015490 Buenos Aires TELAM in Spanish 0126 GMT 3 Oct 90

[Text] Washington, 2 Oct (TELAM)—Argentine President Carlos Menem departed for Buenos Aires at 2155, thus ending a tour to the United States and Venezuela.

The presidential airplane, TC-91, is scheduled to arrive at Ezeiza International Airport between 0800 and 0830.

Government Sends Greetings on Reunification

PY0310015890 Buenos Aires DYN in Spanish 0020 GMT 2 Oct 90

[Text] Buenos Aires, 2 Oct (DYN)—The Argentine and FRG Governments today exchanged greeting messages on German reunification. The messages were signed by Carlos Menem and Foreign Minister Domingo Cavallo and FRG Chancellor Helmut Kohl.

This was reported tonight at the Argentine Ministry of Foreign Relations and Worship, where it was officially reported that Menem considers this event to be "an historical event of justice."

Companies Bidding for Central Oilfields Leases

PY0210235890 Buenos Aires BUENOS AIRES HERALD in English 2 Oct 90 p 5

[Text] (NA)—The government last night awarded a preliminary adjudication to 16 companies in the call to public tender for the four central YPF [Government Oil Deposits] oilfields, which could bring in Treasury revenues of between one and 1.5 billion dollars.

The Energy Undersecretariat also announced that at President Carlos Menem's express bidding, the period of time alloted for the analysis of the bids before the transferral into private hands of the oilfields, is to be reduced from 150 days to between 60 and 90 days.

The private petroleum companies are bidding for leases on the following central oilfields: Vizcacheras in the province of Mendoza, Puesto Hernandez in the province of Neuquen, El Tordillo in the province of Chubut and Huemel in the province of Santa Cruz.

Former Commanders To Be 'Released in November'

PY0210192190 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1114 GMT 2 Oct 90

[Text] Buenos Aires, 2 Oct (NA)—Republican Force Party president Antonio Domingo Bussi [a retired Army general] has personally reported to former Army Commanders in Chief Jorge Rafael Videla and Roberto Eduardo Viola and former Navy Commander in Chief Emilio Eduardo Massera that they will be released in November.

According to a press communique released yesterday, the Tucuman candidate for governor conveyed this news to the commanders after he heard it from President Carlos Menem.

According to reliable sources, the Republican Force Party president visited the former commanders at the Magdalena Penitentiary. This represents their first meeting after eight years of strained relations.

During his visit to the Magdalena Penitentiary, Bussi was accompanied by Ricardo Balestra, the Republican Force Party leader in the federal capital, and by provincial Deputy Julio Mora.

Balestra, the Republican Force Party deputy candidate for Buenos Aires, will launch his electoral campaign next Thursday [4 October] at 1800 at the intersection of Florida Street and Roque Saenz Pena Avenue in this city. Balestra is thus seeking to become a congressman for the third time. On the two previous occasions he was a deputy for the Liberal Party of Corrientes.

The Republican Force Party is a political group that has gained legal status in seven provinces.

Decree Appoints Two New Presidential Advisers

PY0210235690 Buenos Aires BUENOS AIRES HERALD in English 2 Oct 90 p 11

[From the "Argentina in Brief" column]

[Text] (NA-DYN)—Orthodox Peronist leader Juan Labake was yesterday appointed presidential adviser ad honorem with the rank of under secretary in the framework of the planning department. Labake was former President Maria Estela Martinez de Peron's trustee. In the same decree, President Carlos Menem appointed Eduardo Lapania presidential adviser to deal with the energy integration protocol signed last year with Bolivia.

French Request in Human Rights Case Denied

PY0210145590 Buenos Aires DYN in Spanish 2200 GMT 30 Sep 90

[Text] Buenos Aires, 30 Sep (DYN)—The Argentine Foreign Ministry has refused to hand Corvette Captain Alfredo Astiz over to the French courts, which have found him guilty of being involved in the disappearance of two French nuns. The Foreign Ministry has rejected a French request for the arrest of Astiz, who participated in the antisubversive repression, as unwarranted.

French nuns Leonide Duquet and Alice Dumont have been missing since 1977 from the hands of Astiz, according to a ruling by a French court which tried him in absentia. Due to the adverse results of the trial, at the beginning of September the French Embassy delivered to the Argentine Foreign Ministry a request to turn Astiz over to France to serve his sentence.

The Foreign Ministry presented to the Buenos Aires Interpol office a communique labeling the French request for the arrest of Astiz as "unwarranted," arguing that in 1985 the Argentine federal court rejected a similar French request.

The Foreign Ministry added that on 28 March 1988 the Supreme Court acquitted Astiz of the charges brought against him in Paris, resulting in the case being an "adjudged matter" which is "firm and unappealed." The court also ruled that the events that led to the charges brought against him "had taken place before the establishment of the convention against torture and other cruel, inhuman, and debasing punishments or treatment," which was signed in New York on 10 December 1984 and included in Article 689-2 of the French procedural code.

Although Astiz had been accused of serious human rights violations by several organizations, including at the international level, he had never been tried in Argentina. The French court had submitted him to a trial in absentia, finding him guilty of the charges brought against him.

Bolivia

Minister Reports on Talks With World Bank

PY0310021690 La Paz La Red Panamericana in Spanish 0000 GMT 3 Oct 90

[Text] Finance Minister David Blanco has said that negotiations with the World Bank to obtain credits for agriculture, hydrocarbons, and social work were positive. The minister said that during the talks he recently held in Washington with World Bank officials, he was promised $25 million for the Social Investment Fund, FIS, for health and education projects.

Blanco said that progress was made toward obtaining a $30 million credit. He said negotiations on obtaining this credit will begin next week; $15 million of this credit will come from the Agriculture and Livestock Development Institute, IDA, and the other half from the World Bank. This loan will be used in agriculture and livestock research programs, and in promoting small-scale farmers' exports.

The minister reported that an agreement was also reached on construction of a gas pipeline to Brazil. This project will be financed by the World Bank and the

Inter-American Development Bank [IDB]. Minister Blanco said that the progress made in the negotiations in Washington constitute a solid base for the projects Bolivia will present to the Paris Club in the first week of November.

[Begin Blanco recording] We informed them that we are seeking additional resources. In other terms, Bolivia requires about $700 million from the financial community to guarantee a four-percent growth rate. Based on the efforts we have made in the voluntary eradication of coca crops, we prepared specific programs. Regarding this subject, the Conalid [National Council Against Drug Abuse and Illegal Drug Trafficking], through (Javier Lupo), its director, has carried out extraordinary work in preparing the specific programs for irrigation, infrastructure, and agricultural development [end recording]

The alternative development programs will be presented on 5 and 6 November before a Paris Club subcommittee. On 7 November, the Bolivian delegation will meet with this financial group to try to obtain funds for its projects, Minister Blanco said. He added that the alternative development projects will require an additional $300 million. The funds requested for alternative development are in addition to the $700 million request the Bolivian mission will make for the Bolivian social and economic development program to guarantee a four-percent annual growth.

Brazil

Citizens With Visas To Leave Iraq 'Immediately'

PY0210233890 Brasilia Domestic Service in Portuguese 2200 GMT 2 Oct 90

[Text] Brazilians who have already received departure visas from Iraq will return to our country immediately. This information was included in an official note released late this afternoon by the Presidency, after a meeting between Acting President Itamar Franco and Acting Foreign Minister Marcos Azambuja.

The note says that today the special diplomatic mission to Baghdad was authorized to take the necessary steps to assure the departure of Brazilians who are in Iraq and who have already received departure permits.

The note goes on to say that the Brazilian Government believes this decision was made after careful evaluation and that it was made at the right time because it will guarantee the return of a large number of Brazilians who received departure permits in the past two weeks due to the diplomatic efforts undertaken by the special mission and the Brazilian Government.

The note concludes by saying that at the same time, the special mission will remain in Iraq and continue to make all efforts to facilitate the departure of all Brazilians in as short a time as possible. Tireless efforts will continue to be made to attain this fundamental objective.

Planalto Palace has not reported the arrival time of the first group of Brazilians released by the Iraqi Government.

Gulf, Inflation Could Affect IMF Position

PY0210172490 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Sep 90 p C-1

[Report by Sylvio Costa and Valdo Cruz]

[Text] The Persian Gulf crisis should push the inflation rate up three percentage points in the coming months if the price for a barrel of oil remains at $40. The Economy Ministry is expecting this result and has already admitted the possibility that the monthly inflation rate may not drop below 10 percent for the remainder of the year, as promised by President Fernando Collor.

The effects of the Middle East conflict will force the government in November to review the terms of the letter of intent submitted to the IMF to include the imported inflation. That letter of intent, which has not yet been approved by the IMF consultative council, projected an average monthly inflation rate of seven percent for the second half of this year. Even if the price of oil comes down, the Economy Ministry knows that it will be impossible to meet that target.

Oil price increases will spread to fuel prices, with a direct impact on inflation. The increased fuel prices will have an indirect effect on transportation and energy costs for Brazilian enterprises. Petrobras has already requested permission for a 40-percent readjustment from the Economy Ministry, but Economy Ministry experts do not believe the price readjustment should be higher than 20 percent. The percentage and date of readjustment will be determined by Minister Zelia Cardoso de Mello.

The new oil shock is just one more factor in the inflationary pressure that is working against the Central Bank's current monetary policy. Other factors causing concern for the economic team are the decreasing supply of agricultural products and the possibility that reduced public rates and prices, such as for electricity, will have to be updated.

Outside the government, businessmen and economists are pointing at another factor that is applying upward pressure on prices: the exchange rate that can be artificially controlled by the Central Bank. This view is not accepted by the Central Bank and the Economy Ministry. However, the idea that the dollar price will inevitably rise, thereby pushing upward the price of imported raw materials and products, is gaining momentum in the marketplace.

Economy Ministry experts believe that the target of a monthly inflation rate of less than 10 percent could have been met had it not been for the Persian Gulf crisis. They expect that the trend of increased prices will not continue, because when the price for a barrel of oil surpasses $25, alternative energy sources become competitive.

Higher Nuclear Industry Investment Called For

PY0210221090 Rio de Janeiro O GLOBO in Portuguese 30 Sep 90 p 58

[Text] If the nuclear program is modified according to recommendations made in a report on the subject which was submitted to President Fernando Collor, Brazil will spend $7.012 billion on it over the next 15 years.

Thus far, $8.388 billion have already been spent on construction of the nuclear power plants in Itaorna Bay, in the Rio de Janeiro District of Angra dos Reis; on industrial sector research, on the Armed Forces' parallel project, and on other science and technology activities.

In the report submitted to the president, the investment proposed by the Pronen [National Nuclear Energy Program] working group is not aimed at expanding the program. The investment is only sufficient for ongoing projects and their completion as scheduled.

The largest portion of investment will go to the nuclear program's industrial sector, which includes—among other things—power generation, prospecting for radioactive minerals, and engineering activities. By April, approximately $4.971 billion had already been spent in these areas. If the president implements the working group's recommendations, another $3.554 billion will be spent by the year 2,000 on five projects, among them the Angra 2 and Angra 3 nuclear power plants.

Of the 13 projects in the industry and services field that have not yet been completed, three are paralyzed and, according to the report, should remain so.

Investment in the science and technology sectors has been much smaller. Thus far, approximately $411.16 million have been spent in this field. An investment of $1.939 billion is scheduled for this sector for completion of 21 projects, to include the projects developed by the military, up until the year 2015.

The report stated that if the recommendations are approved, there will be an increase, in absolute terms, of investment in the science and technology sector because activities in this field allow for the operation of industrial facilities.

Collor To Enhance Powers of Strategy Body

PY0210195390 Sao Paulo FOLHA DE SAO PAULO in Portuguese 30 Sep 90 p A-7

[Report by Gilberto Dimenstein]

[Text] According to an official document obtained by FOLHA DE SAO PAULO, President Fernando Collor has decided to enhance the Secretariat for Strategic Matters [SAE] by granting it more powers than its predecessor, the National Intelligence Service (SNI). These powers are defined in the multiyear plan in which the government establishes its goals. This plan must be submitted to Congress as established by the Constitution.

According to this document, the SAE, which is headed by Pedro Paulo Leone Ramos, must "develop the national nuclear expertise, seeking to strengthen the nuclear sector."

During the administration of Joao Baptista Figueiredo [Brazilian president 1979 - 1985], the SNI conducted clandestine nuclear activities that included war projects with Iraq. These projects were headed by Octavio de Medeiros, who was at that time the SNI chief. President Fernando Collor has reasserted that today the nuclear program is "transparent" and that it is purely for peaceful purposes.

According to this document, the SAE has been entrusted with the following duties in the national nuclear sector: "To implement nuclear programs emphasizing the following areas: 1) To carry out applied research, seeking to achieve national autonomy in the sector; 2) To produce nuclear devices and heavy equipment for the national industry, particularly for nuclear plants; and 3) To develop technology and issue regulations for the safe operation of nuclear and radioactive installations."

The SAE's role is so vast that it encompasses the activities of the Science and Technology; Environment, Planning ; and Regional Affairs secretariats. It also encompasses the activities of the now extinct National Security Council; it is empowered, for example, "to draft medium and long-term strategic programs; it also studies specific strategies that seek to insert Brazil in the First World and to solve domestic problems and regional and social imbalances."

It is empowered to draft the "Brazil 21 Century" program that strives to "eradicate urban and rural poverty" through the implementation of strategies in the technological, industrial, and foreign trade sectors. In the environment sector, the SAE must implement a national "ecological-economic" zoning program.

From the National Security Council, the SAE has absorbed tasks like the Calha Norte project in addition to the other border programs that assist the local municipalities. These programs encompass investments in infrastructure, basic sanitation, health, and education, and supplies for 397 Brazilian municipalities located along the land border area.

This document shows that the SAE will also seek to improve the performance of the SNI.

Chile

Foxley Explains Trade Agreement With U.S.

PY0210132690 Santiago Radio Cooperativa Network in Spanish 2200 GMT 1 Oct 90

[Report by Manuela Robles from Washington]

[Text] This afternoon in Washington, Finance Minister Alejandro Foxley signed a basic agreement that will lead

to an accord between the Chilean and U.S. Governments abolishing customs duties and establishing free trade and integration between the economies of the two countries.

Speaking on his flight from New York to Washington, Foxley noted that Chile wants to establish a long-term relationship with the U.S. Government and with U.S. trade to normalize once and for all the economic relations between the two countries.

[Begin Foxley recording] Chile is interested in building a long-term relationship to have a market for its fruit, wood, textiles, minerals, and light manufacturing products. A long-range relationship would be very helpful for Chilean exports. The agreement also establishes a Chile-U.S. council that will serve as a mechanism for permanent consultation. I pointed out that this council could have been consulted had it been established when the fruit problem occurred; the mechanism clearly establishes that if one party makes a claim over a commercial problem, the council has an obligation [words indistinct] to resolve the case within 30 days. [end recording]

Foxley indicated that the council will begin operations in 30 days. The negotiations on the basic agreement began a few months ago, and Chilean Ambassador in Washington Patricio Silva played an important role. The first meeting with U.S. Trade Representative Carla Hills was held last July. President Aylwin then gave his consent to continue with the negotiations over the telephone.

Foxley added that the idea is to sign a bilateral treaty on trade and investments with the United States. He noted that the private sector will also be invited to express its views [words indistinct]. He said that businessmen have an important role to play because this is the way to overcome U.S. protectionism.

Further explaining the basic agreement signed in Washington today, Foxley said that this represents recognition of Chile's decision to implement a reasonable and orderly economic policy and the desire to open up the two countries' markets. He said that there is a plan for immediate action and pointed out that the goal is to abolish customhouse duties and establish free trade and integration.

Aylwin on Results of Meeting With Bush

PY0310004090 Santiago Domestic Service in Spanish 2200 GMT 2 Oct 90

[Text] In a 50-minute meeting with U.S. President George Bush in Washington, President Patricio Aylwin reiterated to Bush his concern about various measures against Chile.

The Chilean president reiterated to his U.S. counterpart, George Bush, the need to lift current measures against Chile. The meeting was held at the White House Oval Office and lasted 50 minutes. It was the Chilean president's last activity in the United States before travelling to Mexico.

During the meeting, President Bush informed him that his government has once again decided to guarantee U.S. investment in Chile. Aylwin, however, expressed concern about all the measures that are still in force and that affect Chilean interests.

[Begin Aylwin recording] I pointed out to him, in a very clear manner, our concern about other pending issues, like the inclusion of Chile in the general system of preferences, from which our country was excluded because of workers' rights violations. This situation no longer exists, and both Chilean and U.S. labor organizations have asked that Chile be allowed to rejoin the system of preferences. I also pointed out to him the feelings of the Chilean Government and people on enforcement of the Kennedy amendment, because human rights are fully respected in Chile and there is no reason for the enforcement of restrictive measures against us since those measures were prompted by human rights violations. [end recording]

After leaving the White House, the Chilean president talked with reporters in Washington. He said that he and Bush also discussed the Letelier case, the preferential problem, and the problems Chilean fruits have had on the U.S. market.

Aylwin concluded by saying that Bush will visit Santiago on 6 December.

Military Court To Try Magazine Reporter

PY0210203990 Madrid EFE in Spanish 0612 GMT 2 Oct 90

[Text] Santiago, 1 Oct (EFE)—Raul Rozas, president of the Sixth Military Court of Santiago, today confirmed that Juan Pablo Cardenas, journalist director of the leftist magazine ANALISIS, has been arrested pending trial.

The military prosecutor's decision is based on alleged offenses that Cardenas committed against Armed Forces personnel, according to the military justice code.

The accusation is based on an editorial that Cardenas wrote in which he criticizes a military justice decision in the case of "the burned ones." This case concerns a protest demonstration against Augusto Pinochet's military regime in 1986 during which a young man died and a young woman student suffered serious burns.

Juan Pablo Cardenas has been under arrest since 26 September. Other military courts have yet to rule on four other indictments against Cardenas.

Cardenas served a sentence of 541 days of night confinement between 1987 and 1988 under the military regime.

A report by the Chilean Journalist Association says that 26 reporters are currently being tried by military courts and that in 18 of those cases the indictments were filed during the past 45 days, six months into Patricio Aylwin's democratic administration.

The Chilean press is waiting for Congress to finish studying and approving a bill that will reduce the jurisdiction of the military courts.

Mint Replacing Coins With Image of 1973 Events

PY0210130090 Santiago Domestic Service in Spanish 1000 GMT 2 Oct 90

[Text] Juan Hernandez, director of the Chilean mint, has reported that his agency has been minting five- and 10-peso coins bearing the likeness of Liberator Bernardo O'Higgins since 1 September. Hernandez made this announcement after Vice President [title as heard] Enrique Krauss visited the mint on the 247th anniversary of its founding.

Hernandez explained that the difference between the five- and 10-peso coins now in circulation and those being minted is that the image on the old coins of a winged woman breaking chains—a reference to the events of 11 September 1973—is being phased out of circulation and replaced by the likeness of liberator Bernardo O'Higgins. All coins of one to 50 pesos will henceforth look the same.

* Few Prospects for Constitutional Reform Seen

90SM0256A Santiago APSI in Spanish 15-21 Aug 90 pp 6-9

[Article by Nibaldo Fabrizio Mosciatti]

[Text] On 31 July the minister secretary general of the presidency, Edgardo Boeninger, announced that the government had begun a "small exercise" intended to analyze the content of, and the occasion for promoting reforms to the Constitution. It is nothing new for the government of the Coalition [Coalition of Parties for Democracy] to consider in its government program a desire to amend the pompously termed Fundamental Charter. In fact, during June of last year, after negotiations that materialized in a referendum the following month, which approved 54 amendments to that text, the Coalition expressed its willingness to achieve congressional accords for the "introduction of new reforms," because "we are convinced that this Constitution will continue to retain authoritarian rather than democratic features." At that time, those now in the government were not expecting to lack a majority in the Congress, specifically, in the Senate where, despite the presence of designated senators, they were confident of achieving a greater representation than was ultimately gained. Now, to attain its reformist goal, the government will need the cooperation of the right to make up the required quorums. However, those sectors appear reluctant to contribute to a consensus. They are especially concerned that this might make possible an election of mayors which, if held soon, since the present government is at the beginning and has been enjoying a higher level of popularity, would mean a widespread defeat of rightwing forces as their own leaders admit privately.

In fact, Boeninger refused to announce a precise government plan conducive to achieving a constitutional reform (or several). The fact is that the government does not have any plan yet. This is why the statement made on the last day of July by the minister was so plagued with ambiguities.

On that Tuesday, Ministers Francisco Cumplido and Enrique Correa, with the president of the Chamber of Deputies, Jose Antonio Viera-Gallo, actually did arrive at Boeninger's office to converse. They talked generally (just as Aylwin has spoken of the issue since the beginning of the administration) about the topic of constitutional reforms. Upon leaving the meeting, Cumplido told the press that they had discussed that, and the reporters assigned to La Moneda Palace, eager for comments with which to fill pages and unable to obtain a word from Viera-Gallo ("ask Boeninger" was his evasive advice), forced a virtual press conference with the minister secretary general of the presidency.

It was then that Boeninger mentioned the "small exercise," underscoring the "quite preliminary" nature of the meeting, and indicating that the government had not yet determined either the content of, or the mechanism whereby he intends to promote those constitutonal changes. For example, it is presumed that an initiative of this type would require seeking prior consensus with the rightwing forces (National Renewal [RN] and [UDI] Independent Democratic Union). However, it is not precluded that the Executive Branch might send a bill to the Congress for the purpose of promoting the debate and an agreement among the sectors there. Hence, both the content and the form (a single package of reforms or an agenda with a preestablished itinerary of constitutional changes distributed over the time span of the Aylwin administration) have just begun to be studied.

At Least Debating the Issue

In any event, the rightwing forces, at first reluctant to amend the Constitution, do not deny the possibility of at least debating the issue. For example, Joaquin Lavin, UDI's secretary general, telephoned Boeninger himself, to tell him that his group wishes to participate in those negotiations.

That party obviously does not want to repeat last year's experience, at the time of the July referendum, when it was left out of the negotiations between RN, the Coalition, and the previous government, represented by Carlos Caceres. This meant that it would be the organization now headed by Andres Allamand that would hegemonize the rightwing position. Therefore, UDI has already told Boeninger of its desire to participate, although its position, expressed by Lavin to APSI, is: "We are open to achieving accords in the realm of constitutional reforms now, but we want them to start going into effect during the next presidential term."

That same idea was voiced by Sergio Onofre Jarpa on 30 July (although Jarpa, in fact, did mention reaching agreement on the time when the reforms would go into

effect, citing 1993 as an example). The right is generally opposed to making reforms "little by little," calling for a single package of constitutional changes. However, there are several digressions to be made.

On the one hand, both among government and opposition forces an immediate political argument wields influence: namely, the election of mayors. The Coalition is interested in holding them later because, apart from its pledge that mayors should be generated by a direct vote in the community, the sooner elections are held, the greater the support for the government candidates would be. In fact, on Thursday, 10 August, in Valparaiso, the Coalition's deputies' group held a press conference to cite the "feasibility of hastening the passage of the constitutional reform making the direct election of mayors possible." It claimed that the opposition forces are acting "out of self-interest," making their support contingent on "municipal democratization," with the demand that the latter be included in a package of reforms, the only one to be approved during the current presidential term.

On the other hand, there are differences on the right: RN has called for the direct election of mayors ("our bases demand that," claim that party's top-ranking leaders), but wants to delay it so as to preclude the possibility of a Coalition "landslide." Essentially, however, as RN's vice president, jurist Carlos Reymond, asserted: "It is well known that we don't oppose the direct election of mayors, quite the contrary. But we don't agree with the municipal government plan that the Coalition proposes."

In UDI, apart from that immediate electoral calculation (pitting the opposition and government supporters against one another), there are other reasons, as Lavin explained: The fact that this Constitution should be "tested" during this term; that "it annoys us that, whenever anything comes up, there is an attempt to reform the Constitution, when it should be the most stable thing possible"; and that, "a major change has already been made here in that law, only a year ago, with the 54 reforms approved in the July referendum."

Coalition's Commitment

This is the very same argument put forth by Jarpa, although RN's ex-president added: "At that time (July of last year), everyone agreed that the Constitution had been left well shaped, and clear in all respects." Untrue: the Coalition described those changes as insufficient, making a commitment to promote others, "so as to give Chile a fully democratic institutionality."

Moreover, academician Jose Luis Cea, who is identified with the Jarpa party's positions, wrote in REVISTA CHILENA DE DERECHO [Chilean Law Review] (the September-December 1989 issue): "I believe, and I frankly admit, that it is necessary, and I would even say indispensable, to agree on new (constitutional) reforms. I would mention among these, by way of illustration: reforming the electoral system, to correct it proportionally; balancing the powers of the president of the republic and the National Congress; and making a territorial and functional decentralization of political power, with universal suffrage as a civic instrument for electing local representatives, including mayors."

Of course, Cea does not head RN; and the correlation of forces is negative for the government forces in Congress. Even some prominent persons at La Moneda believe that negotiations with the opposition to achieve consensus on this issue could postpone the election of mayors until 1992 or, "with luck," until the end of next year.

Why discuss a reform of the political system? From all indications, a potential change in the current presidential system to a parliamentary or semi-presidential one would not occur before the end of Patricio Aylwin's term. And this, despite the fact that the notion has gathered strength in certain academic circles, a strength which, according to experts such as Oscar Godoy and Arturo Valenzuela, has seduced major figures in the political spectrum. For example, there is that trio (similar in age and known for their capacity to give each other mutually laudatory descriptions) comprised of Allamand, Gutenberg Martinez, and Jorge Schaulsohn.

Matter of Survival

The government calculates that the progress achieved with RN in June of last year (there were 18 reforms agreed upon that were not included in the referendum, owing to the opposition from the military regime) could be a good basis for beginning further rapprochements now. But since RN is now in the opposition, caution and calculation have garnered more force in that camp. Nevertheless, the Coalition has as fixed points on a possible agenda reforms to: the decentralization system, giving the regions greater financial autonomy; and to the electoral law, the Constitutional Court, the Judicial Branch, and the National Security Council, as well as some powers of the Congress. Also, "based on a moral imperative," as a Coordination leader bombastically remarked, "to put an end to the designated senators," despite the de facto legitimacy that the government forces themselves have conferred upon that institution. But the issue of those senators is more delicate, like the other one brought up to date by the vice president of Christian Democracy, Genaro Arriagada, on 31 July, when he also included among the desirable reforms putting an end to "the immovability of the commanders in chief." According to Arriagada, both institutions "contradict the political and constitutional theory that inspires democratic regimes in any part of the world." Nevertheless, it is hardly likely that this reform will be made before the end of the Aylwin government.

Why talk about the designated senators? For them it is a matter of survival. Nothing is more absurd than thinking that they themselves would contribute their votes to put an end to themselves. The fact is that the embarrassment does not extend that far.

The government's eyes rest on RN. At La Moneda it is thought that better prospects are in view for an agreement with the Allamand camp than with Julio Dittborn's camp, though the well-known "pragmatism" of which UDI boasts should not be underestimated.

As for RN, the new, dynamic face that its new board of directors, headed by Allamand, wants to impart could be put to the test in time, on the issue of constitutional reforms. Perhaps it may also serve to gauge how much of the most conservative sectors' power was represented among the party leadership in the deal (which, in any event, was not traumatic) that made Allamand the head of RN.

The Chilean transition has been different from others. Normally, transitions are headed by a kind of coalition comprised of a part (centrist) of the opposition and a sector that has broken off from the former authoritarian regime. In Chile, on the other hand, the transition has been led by a coalition of former opponents, without an organic presence of former collaborators of the military regime (but for the personal exceptions). Hence, the government is aware that it must promote a major constitutional accord, broader than the coalition, for reasons that transcend the mere insufficiency of votes that it has in the Congress.

The problem for RN is that, because of the government functions that have been assumed by negotiators from the Coalition (essentially, Enrique Correa and Edgardo Boeninger), the dialogue is different from that of a year ago. It is true that Allamand assiduously telephones Boeninger and Correa, and vice versa; but negotiations require a different type of contact. The foregoing is, moreover, proof of the almost non-existent work accomplished to date by the government parties. This criticism, accepted in the palace, is confirmed basically by two features: a glaring inability to foster communication between the government and social sectors (for example, to mitigate the rise in social demands); and, on the other hand, the non-existence of those parties or of a coalition of parties as an active political spokesman for the right.

Just as Aylwin, on Friday, 3 August, appealed to the "patriotism" of the senators to gain approval for the labor reforms, it is predictable that a campaign of this type will begin to be stirred up in an attempt to force the combined opposition forces into an agreement on constitutional changes. It is a futile issue, because UDI itself, without going any further, is calling for the same "patriotism" to demand that the Constitution, as it is, be "tested" during these four years, raising the concept of stability to a patriotic level as well.

It appears obvious that this adjective does not cover the heart of the matter. More simply, the issue touches upon a more complex point: the depth or speed of this transition to democracy. For many years in this country, the concept of what is or is not "patriotic" has worked for just about anything. So, we had better move on from that.

* Statements by FPMR Member Cause Furor

* FPMR 'Armed,' 'Ready'

90SM0255A Santiago EL MERCURIO in Spanish 27 Aug 90 pp C-1, C-10

[Interview with Vasily Carrillo by Maria Beatriz Undurraga in prison; date not given]

[Text] "There weren't just two, but more high-level politicians in the Coalition and in this administration who, right after the 1986 attack on Pinochet, approached us with their best wishes."

"I said that on Saturday, adding that nobody could say the people of the FPMR [Manuel Rodriguez Patriotic Front] were committing crimes, for the authorities congratulated us, legalizing this act. I don't know their names. The list and the information are in the hands of the political committee. But I wasn't speaking of just two people. I said important people. High-level officials. Personalities who are now in the Chilean administration and are easily identifiable political figures. There was a revolutionary situation, there were frequent protests, and the Coalition covers a very broad spectrum. I can't say it was one person. There were more than one."

"After the attack on Pinochet, the Front prepared reports on the political and military situation. The first document reported that political leaders from part of the Coalition, people from the right who are in this government, and even some affiliated with the left, praised our action and recognized it as legitimate. You should also read the statements that Monsignor Camus made."

So the FMR [Manuel Rodriguez Front] spokesperson and combattant, Vasily Carrillo, has repeated his statements. With a tape recorder in hand facing that of this journalist's tape recorder, he issued harsh criticisms against President Aylwin's administration. He justified the execution of Colonel Luis Fontaine, and the armed attack on General (R) Gustavo Leigh. He also cited the name of other well known persons, describing them as "criminals who should be brought to trial."

"The people's justice is now becoming legitimate in this country," he declared. "Because this government is dragging its feet."

Vasily Carrillo, in an interview with EL MERCURIO, responded frankly to a variety of questions.

"No matter how many differences we have with Aylwin's administration, I'm not going to play the right's game and say names here. Anyway, I don't know the names. But it's easy to check the newspapers and read the supportive statements many of them made."

Our conversation took place in a inner courtyard of the prison where he has been confined for four years. He is fully convinced of the legality of the FMR's actions,

whether these actions involved assassinations, "expropriations" of money or "the seizure of tons of weapons in support of the people."

Carrillo is 33 years old and is single. He is not involved with anyone now. He never said that because he was born on 18 May his sign was Taurus.

He brushes off frivolous comments, and he doesn't understand jokes. His interests relate solely to the FMR. He accepted with appreciation the books and fruit we brought.

"I don't read," he said. Even so, during our conversation he showed that he has a fairly extensive and varied knowledge. A communist since his very early childhood, at the age he 13 he was a PC [Communist Party] fighter, like his 11 siblings. As the son of Isidoro Carrillo, the communist manager of the Lota coal mines, he experienced the pressures of being his son, whether for good or for ill. "Because of my father, I was mistreated at school. And the government didn't want me to appear at my father's funeral in handcuffs. The Aylwin government was looking for an excuse to hide its inconsistencies in the field of justice. The image and most palpable proof of these inconsistencies might be a political prisoner attending, in handcuffs, the funeral of a man assassinated by the dictatorship, by the military. And with long-suffering coal miners as witnesses."

When speaking Vasily uses a "Front style" vocabulary. From his childhood he remembers the El Gallito School and Father Pedro Campos who taught him catechism. He isn't Catholic, but he says he was baptized. At the age of eight he worked as a fruit picker, he sold newspapers and tried to help his mother. He knows poverty. In 1973 he was first selected as a leader. Then he studied in the Lota School and in the Concepcion Industrial School.

"Let there be no mistake about it. We have nothing to do with the Communist Party, and we are not a sort of "armed branch," which is a ridiculous name. Our action is legitimate. And that's why I mentioned the affair when authorities in this government supported us. If they are now unwilling to admit that support, well, so what. We know many people get left behind in the struggle. Our action is honest. Like the actions of the fathers of the country, the 'Mapucheos' who fought against the colonizers, the Italian and European partisans. So the attack was legitimate. Legal."

"Pinochet is Not an Obsession"

"It's a mistake to say we are obsessed with Pinochet. The '87 attack took place in a political context very different from today's. Aside from that, we, the Front, feel that there have not been very profound changes in the political and social system. There has been a change in form from a dictatorship to a civilian democratic government. There are no changes so long as unemployment and poverty continue to grow among the people. The right to education is only for some...."

[Undurraga] "And what about this government's promises?"

[Carrillo] "Look, the only thing I have confidence in is the people. I have no confidence that this system will continue. They are an extension of the dictatorship. For Pinochet's presence here is upheld by the Constitution, and they are going to respect that. They sit at the same table with those people."

"But to go back, the attack on Pinochet occurred at a particular point in time, and it wasn't an obsession. I would rather have him alive so he could be tried. The possibility of a new attack on Pinochet will have to be determined by current conditions. Any military action by the Front will be determined by the real measures this government takes. If this government creates mechanisms that would really establish the reign of truth and justice, it won't be necessary to impose the legitimacy of popular justice."

[Undurraga] "Who else should be tried?"

[Carrillo] "There is a long list that the people know. Manuel Contreras, Arellano Stark, Cesar Mendoza, other people who were responsible for the 'Caravan of Death,' and all those morally responsible for the perpetration of such crimes."

"This Government Will Face a Crisis"

[Carrillo] "I've never admitted participating in the attack on Pinochet. I am an FMR combattant and I was charged with taking part in getting arms in the north for the attack. I have only admitted my militancy in the Front and my participation in all of the Front's activities. We are compartmentalized, and I don't know the name of my top leaders. Yes, we have arms from the arsenal. But Buschman didn't give them to me, and that is one of the most important of the Front's actions. We also have money. Our organization is functioning well."

[Undurraga] "And what were you going to do with all the arms you confiscated?"

[Carrillo] "We might give them to the people, so they could claim their rights and achieve their victory. The people could elect their leaders. The people will govern one day."

"We can expect to see a crisis in the Aylwin regime. The conflict between the people and this administration is going to grow because they haven't been able to meet the people's true demands. That is why we have been fighting for 18 years. There's going to be a reaction. And it will produce a rapprochement between the right, the center right, and the center left."

"An Ornamental Parliament"

[Carrillo] "We have evidence of this failure in the ornamental nature of parliament, where people come to vote on political agreements already reached earlier. It's a show—the tax reforms, labor reforms. Conflicts and

crisis are now starting to show up in problems related to health and education, and in other areas as well."

"The government is in trouble, there is an acceleration. There is conflict between the government and the people's needs. We political prisoners are a problem for this government. Our issue and the human rights issue will have to be resolved, and they can't do it under the framework of the constitution. In the field of justice, the worst has happened. It's enough to see the failure of the Supreme Court, which is again supporting the amnesty, allowing the crimes committed between 1973 and 1978 to go unpunished."

"We political prisoners are a problem for this government. We may turn out to be a boomerang. With the Cumplido Laws, they want to try us in a state of law, but as common criminals."

While he was talking he sketched with his hand the shape of an FMR rifle held against his shoulder. "I'm not a leader. To put it better, I am a myth. We are united in a cause for which we will give our lives if we have to."

[Undurraga] "A kamikaze?"

[Carrillo] "Yes. Without thinking about it and without being afraid."

"I am an FMR militant. I haven't committed any crime. Our actions during the dictatorship were legitimate."

[Undurraga] "Then you never did anything. Are you a saint?"

[Carrillo] "No, no. I'm not a saint at all. In recent days a campaign has been stirred up against us on the part of the police who have invented stories that we recruit criminals to commit crimes. That is not true. We admit our responsibility for Fontaine's assassination, because he was involved in the case of the people who were slaughtered. And General (R) Leigh knows very well why he was attacked."

[Undurraga] "You distributed a death list containing the names of about 20 people. Four people on that list have already died. Will you continue to carry out these threats? Will you use bombs?"

[Carrillo] Please, we are not mad bombers. Some persons committed crimes and they must pay for those crimes. They include Prosecutor Fernando Torres Silva, who was the man primarily and directly responsible for the Corpus Christi slaughter. General Humberto Gordon is guilty, though there is no proof, solely because he headed the CNI [National Information Center]. The people know there is a long list of persons and institutions."

[Undurraga] "Finally, you say that you are autonomous; tell us about the FMR today."

[Carrillo] "The Manuel Rodriguez Patriotic Front is an independent political-military organization, especially since 1987 when we broke with the Communist Party because of serious differences. We have very firm principles for which we will give our lives. We call ourselves brothers. We want a more just society, a society in which the people will have their place. We want the Armed Forces to be democratic, like the judiciary. We want social and economic policies that will serve the people. We want free health care and education. We want our foreign policy to be independent and not ungrateful, as this administration has been toward Cuba. One of the major defects of this government and of some sectors of the left is that they have turned their backs on Cuba, without showing any appreciation for the support the Cuban revolution gave them. The FPMR has a moral nature."

* Officials React

90SM0255B EL MERCURIO in Spanish 28 Aug 90 pp C-1, C-4

[Excerpts] Political leaders from all over the spectrum, both from the opposition and in the government, consider—with some differences of nuance—the statements made by prisoner Vasily Carrillo extremely serious; however, the minister of the interior, Enrique Krauss, maintains that these statements are without significance and content, describing them as "political gossip."

[passage omitted]

Enrique Krauss

Minister of the interior Enrique Krauss said that the government is not much concerned about Vasily Carrillo's statements, as they are essentially "gossip with a political tinge."

What is important and should be investigated, said Krauss, "is the fact that Mr. Carrillo is saying that there is an armed organization with financial resources. That is what we need to analyze, and we are going to do it very thoroughly and carefully."

The minister of the interior said that Carrillo should make specific accusations. "These generic imputations are not of particular concern to the government."

He said that the government would not investigate the matter. Krauss added that these are "absolutely generic charges, completely groundless and very imprecise. It isn't appropriate for us to conduct an investigation. But we could look into some of Mr. Carrillo's other statements, which we are going to study in terms of potential criminal activity. These are matters we have to study," he said.

Krauss added that "the charges are practically gossip, with a political tinge, but gossip all the same. Whether congratulations were actually sent or not, from the viewpoint of its political significance, is not important. The vagueness of these charges prevents us from taking any action concerning them."

Now, he said, "what is important is that Mr. Carrillo made statements to the effect that there is an organization which has economic resources and arms. Such an organization could be involved in criminal activity, and we are going to look into this."

The minister of the interior added that Carrillo's press conference is abnormal, since the government has given specific instructions, through the police, that such conferences not be held, instructions which were not heeded in this case.

When Krauss was asked about Carrillo's reasons for making such charges, he said that in his opinion, Carrillo wants to get attention by these and other statements.

[passage omitted]

Andres Allamand

The president of RN [National Renovation], Andres Allamand, termed the statements by Vasily Carrillo, spokesperson for the Manuel Rodriguez Front, "of the utmost seriousness."

He said the government should look into this situation; "it seems to me the government should take the time to respond, and should make its response in a timely and, most of all, definite manner."

"No one can find it pleasant or acceptable for democratic officials to be the targets of accusations of this nature," he said.

He said Carrillo's statements "are a very clear recognition of the current danger and the extent of terrorist activity in Chile."

Allamand said that "the FMR [Manuel Rodriguez Front] leader states with absolute impudence that they have arms, money and are functioning well. This clearly shows that the connections and links used by a terrorist organization like the FMR for its operations in Chile have not been broken up."

He also indicated that the FMR poses a threat to the authorities, as Carrillo implies that if the authorities do not act in a way the FMR considers appropriate, extremist action will be undertaken.

"We aren't talking of terrorists from the past," said the political leader. "We are speaking of terrorists who, right now, in a threatening manner, say they have arms, money and organization, that they are functioning well; they directly threaten the government, and consequently, our future democratic stability."

This, he argued, should make the government rethink its position on antitterrorism legislation.

He emphasized that continuing to support a reduction in antiterrorism penalties, after Carrillo's statements, is "simply unacceptable."

He further indicated that this is an appropriate time to investigate the Cuban government's involvement in these matters.

When asked about Carrillo's statement that Chile has only had a change in form from a dictatorship to a civilian democratic government, Allamand termed this "a new expression of the dangers of terrorist action," stating that "these are groups which we can't treat with weakness and gentleness, for such statements confirm just how strongly they maintain their intentions of continuing to engage in their activities, ultimately designed to destabilize the democratic regime."

He reiterated that the FMR "poses a real threat to democratic stability."

He also indicated that the persistence of some social problems does not justify attempts to seek solutions "through recourse to violence and terror, and in the specific case of the FMR, through actions which inevitably produce a lack of citizen security, resulting in attacks on and deaths of unprotected citizens."

Concerning Carrillo's criticisms about the work of congress, the RN president stated that "groups which do not believe in democracy and which engage in terrorism always try to denigrate the functioning of democratic institutions."

Finally, he maintained that the government's antiterrorism actions "have not been sufficiently energetic during the past three months"; because of its position, which he termed "ambiguous," the nation is today "faced with a terrorist group like the FMR."

[three paragraphs omitted]

Genaro Arriagada

The vice president of DC [Christian Democracy], Genaro Arriagada, said prison regulations are being violated, and he criticized both the statements and the fact that the Manuel Rodriguez Front leader, Vasily Carrillo, held a press conference within the confines of the prison where he is now incarcerated.

"I want to be very emphatic," said the political scientist, "for it does not seem acceptable to me that a person charged with committing terrorist acts should hold a press conference while in jail for the purpose of questioning the established democratic regime."

When asked about the prisoner's statements and if the police had authorized this press conference, Arriagada said that is up to the minister of justice or the supreme court, stating that "this is an abnormal situation which has been going on for a long time, but which is going to have to be corrected at some time, as prison regulations are clearly being violated."

Along with reiterating several times that the statements by the FMR leader have no importance or significance, he criticized the actions and the violent strategy of the

Manuel Rodriguez Front. He said his party has always condemned the FMR's strategy, as it contains serious moral and political errors.

He explained that morally, its strategy leads to committing acts which are held universally to be felonies and crimes. It also contains a very serious political error, for its strategy helped to strengthen the authoritarian regime, said the politician.

He recalled that the attack on the former president, General Augusto Pinochet, cost the life of five members of his escort, and he stated that "the DC's position at that time was the same as it is now: we condemn the attack, and we believe nothing justifies that deed. The DC has maintained a consistent position, both when it was in the opposition and now in the government."

Arriagada added that "the DC has condemned with equal force acts of violence committed by the far left and by paramilitary groups or acts of violence perpetrated by state services, such as the DINA [National Intelligence Directorate] or the CNI [National Information Center] in the past."

He described the proposal by the minister of justice, Francisco Cumplido, to create a single antiterrorism group, and the existence of maximum security jails as positive. "I believe," he said, "that in no country which is functioning normally are terrorist groups allowed to have spokespersons inside jails. It is hard to say this, but it sems to me this cannot continue."

He then commented that he has the impression that "we are facing a situation we have never wanted, for we never wanted the FMR strategy, nor do we want the procedures the former government used in its attempts to combat terrorism, nor do we want police abuse, nor torture of detainees—for Vasily Carrillo was tortured—nor do we want a system of justice which, in our opinion, was distorted. That is the situation we inherited."

He added that for the future, looking toward a real antiterrorism policy, "in the struggle against terrorism we need appropriate legislation. Strangely enough, given the types of crimes committed by terrorists, the gravity of the penalty is not the key."

When asked about the investigation sought by UDI [Independent Democratic Union] regarding Carrillo's allegations that the attack on General Pinochet had the backing and sympathy of persons who are now members of the administration, since it would have placed their public faith in doubt, Arriagada answered: "UDI's concern at this time seems extraordinary to me." He added further, "I would question whether it showed the same concern about the public faith while extremely serious acts were being committed in this country when some of its members were top government officials."

[passage omitted]

Communist Leader

"The FMR spokesperson, the subversive prisoner Vasily Carrillo, should turn over whatever information he may have on top government officials who congratulated the FMR after their failed assassination attempt on General Pinochet."

This statement was made by a member of the Communist Party's central committee, Elena Rojas, in conjunction with a statement by the secretary general of the Volodia Teitelboim group. She also expressed surprise about the information Carrrillo claims to have. "That really surprises us, for we didn't have the slightest idea, not even a suspicion; we can not make an evaluation of the accusations he made, which are fairly complicated, and which now serve to support freedom for political prisoners. If he has such information, I believe the right thing is to go directly to the jail and ask him just who the high-level officials are who he claims congratulated the Front, and let him say this openly."

Julio Dittborn

"Mr. Vasily Carrillo doesn't understand anything about anything," UDI president Julio Dittborn said yesterday, when commenting on the statements made by the Manuel Rodriguez Front spokesperson, adding that "unfortunately, he is a quite unbalanced person, and this makes him adopt his hostile, pro-violence and anarchist positions, which not only do not help to solve problems, but they actually make the problems worse."

In discussing Carrillo's statement that there have not been profound changes in our country's political and social system, but only a change in form from a dictatorship to a civilian democratic government, the leader said that "with Mr. Vasily Carrillo governing or making decisions, not only would the problems exist, they would be intensified."

"The Chilean people sense that the way to solve people's real problems is through hard work, investment, an increase in exports, and economic growth in general, not through some structural change process that is supposed to solve people's problems by magic. Things don't work like that. That has never worked anywhere at any time. Why should it in Chile?" he said.

Dittborn termed "highly serious" Carrillo's statement that current high-level government officials allegedly congratulated the FMR on the attack against General Pinochet.

Dittborn defined as "highly serious" Carillo's statement that present high-level government officials congratulated the FMR for its attempt on General Pinochet.

"That happened when they were not the government; if we believe Vasily Carrillo's words, they encouraged such groups to break the established order, an armed forces government which was ultimately bringing democracy to the nation," he said. "It would have been very serious if those people had been successful. That would have

caused an institutional rupture for three or four years from the election of 14 December, with who knows what results."

Sergio Bitar

The secretary general of the PPD [Party for Democracy], Sergio Bitar, said that Vasily Carrillo's statements are politically "unacceptable."

In speaking of the FMR's behavior, the PPD leader indicated that "every action which goes outside the law is contrary to democracy and should not be encouraged. We oppose such acts; they are not justified, no matter how high the values involved, or the justice of the causes which may be invoked."

"We want to solve situations like the problem of political prisoners and justice, but this requires majority agreements if we are to move ahead with firmness," he added.

Bitar emphasized that "actions which go outside the legal and institutional system, especially when we are in a democratic transition, provoke confusion and polarization."

Finally, the PPD spokesperson said that "the only way to move ahead is through a gradual process with majority support, and that is what we are doing."

Jaime Estevez (PS)

Undersecretary for state affairs of the Socialist Party [PS] Jaime Estevez said that the statements by the FMR extremist "are not very sensible, and they distort some very important events."

"Carrillo is confusing possible human solidarity, which always exists, with political backing," he indicated.

Estevez noted that the opinions of the extremist spokesperson "seek expressly to create conflict within the government, and to open up a breach for attacks from rightist groups."

He added that "the political logic of the Autonomous Manuel Rodriguez Front is very clear: to cause the transition to democracy to fail. This is shown by these statements and by the much more serious fact that the Front is continuing its armed actions."

Finally, the socialist leader called on groups in the government not to allow themselves to be used for these purposes. "I hope that no more political importance will be given to these words, whose only purpose is to further the cause of extremist groups," he concluded.

Colombia

Gaviria Speech at UN General Assembly

PA0210224390 Bogota Emisoras Caracol Network in Spanish 1923 GMT 27 Sep 90

[Speech by President Cesar Gaviria before the United Nations General Assembly—live; broadcast in progress]

[Excerpts] [Passage omitted] I am sure that on the occasion of the children's summit that is bringing together so many presidents, and with the signing of the respective final declaration, we will be giving a political boost to activities that favor the children and youth of the world. My nine-year-old son has accompanied me on this important occasion so that he can witness for his generation the pledges that we are making as countries and governments.

The Persian Gulf conflict is the biggest threat to world peace of recent times; however, it simultaneously and paradoxically offers us the opportunity to hold in-depth discussion of worldwide detente. If the world as a whole is capable of confronting military actions and violations of international law and human rights by an aggressor nation, acting under a multilateral mandate, it will create a precedent of cooperation that will become a factor for stability.

Colombia's relations with the community of nations are permanently guided by principles that guarantee civilized coexistence among nations—the defense of and respect for international law, the legal equality of states, the peaceful settlement of controversies, respect for pluralism, the rejection of force and, above all, nonintervention and the people's right to self-determination. These are the principles that govern our international policy. [passage omitted]

Colombia believes that life and hope take precedence over adversity, death, and grief. The Colombian people have responded to the shots and bombs [word indistinct]; they went to the polls and voted massively in favor of a peaceful, democratic country. Drug trafficking is a threat to peace. It is not as tangible as the [word indistinct] and combat airplanes, but equally real and no less devastating, and it has become one of the worst enemies of social integrity and democratic stability. Sooner or later we will uproot narcoterrorism, but if the rest of the international community does not make sacrifices equivalent to Colombia's, humanity will never be free of drug trafficking or its fateful consequences.

A significant part of the billions of dollars that drug users pay the drug mafias end up in the hands of narcoterrorists who attack my fellow Colombians and our institutions. However, we have learned that terrorism must be confronted without concessions, [words indistinct] the principles. Drug trafficking is now the leading cause of human rights violations in countries where it prevails.

If the community of nations has been capable of encouraging world cooperation to confront war and enforce international law, and if within a few weeks it has been capable of mobilizing a gigantic military force from one extreme of the world to another, I believe that we are capable of attaining equally satisfactory results to confront drug trafficking.

No nation has fought against drug trafficking and criminal organizations the way Colombia has. None have achieved the successes that [words indistinct]. This already lengthy struggle has dealt harsh blows to the drug trafficking organizations and its terrorist structures. Most of the (?cocaine) that has been seized throughout the world has been seized by Colombian (?authorities).

This explains why at one end of the network, coca leaf prices have dropped below production costs; it also explains the significant increase in drug prices on the streets of this city [New York] and in Washington neighborhoods. As long as the demand for drugs does not decrease, there will always be laboratories, and the drug trafficking mafias will become increasingly richer—if we banish them completely from Colombia, they will establish themselves in other countries.

Of course, there is hope. The actions promoted by President George Bush against drug consumption in the United States have started to bring results among middle-class families.

[Words indistinct] the market, drug consumption is spreading to other countries and regions, such as Europe and parts of Asia. We do not even want to think of the consequences that drug consumption—at the levels experienced by North America—in rich countries such as Japan and some European countries would have for Colombia and the entire drug problem.

We are [words indistinct] a great opportunity if we take advantage of the drop in coca leaf prices to massively promote alternative development. If the world community quickly adopts comprehensive measures to break the remaining links of the chain, such as money laundering, drug distribution networks, the trafficking of chemical substances and weapons, and increasing [word indistinct], we will probably get closer to implementing a policy that will put an end this entire phenomenon.

Colombia has promoted initiatives that seek international support to fight money laundering and trade in the required chemicals. Colombia encourages the convening of world conferences that deal with these two topics, which are of vital importance in the struggle against drug trafficking.

The struggle against drug trafficking, however, cannot be the responsibility of one single country or even of a few countries. The drug trafficking phenomenon is nourished by a network of activities that is spread throughout the world and that affects virtually all nations in one way or another. No nation is free from the drug trafficking threat. Until we definitely defeat that enemy in every nation of the world, without exception, no one will be sure that [words indistinct] are safe from the vice and violence that drug trafficking creates.

Colombia believes that it is extremely important to create an international criminal law that deals with drug trafficking. We are, therefore, especially interested in the discussions being held by the International Legal Commission on this issue.

Drug trafficking is, therefore, an activity that demands multilateral treatment. It is not enough for the United States, Peru, Bolivia, and Colombia—the signatories of the Cartagena Declaration—to commit themselves to the struggle against drug trafficking. To [words indistinct], it is necessary to have a [word indistinct] commitment. The United Nations must assume a leading role in this struggle. Thus, we support the UN assessment of the work conducted by UN organizations that deal with the drug trafficking problem. We need a single UN organization with enough authority to confront this problem. We hope to play a leading role in the UN discussions on drug trafficking and to have active participation in any institutional mechanism adopted by the United Nations.

In view of the Persian Gulf crisis, President Bush has requested and has obtained economic assistance to balance the costs of his efforts and therefore help to guarantee compliance with the UN decisions.

In proportional terms, Colombia, which is fighting a war against an enemy that is more dangerous for humanity, has received reiterated expressions of solidarity, but it has received very few truly [word indistinct] actions. While nations express economic solidarity with the United States and compensate it for its efforts in the Persian Gulf, my people, who have experienced the harsh economic and social consequences of the struggle against that other enemy of humanity, have not received any compensation whatsoever. It is time for repeatedly announced initiatives to become a reality. We are waiting for the EEC to bring about political offers to cooperate with Colombia and the other Andean nations. We are awaiting the approval of the U.S. Congress of the preferential trade system for the signatories of the Cartagena Declaration known as the Andean Initiative. We also expect an initiative from Japan [words indistinct] on this issue. [passage omitted]

Delegates, we are speaking of great achievements that seemed unlikely a few years ago. We are experiencing exciting times. New leadership based on old principles is flourishing around the world. The responsibility to keep such leadership alive lies in this great scenario and in this assembly. The UN General Assembly has the responsibility of taking care of those fragile [word indistinct] and to protect them at all costs. The lesson I bring to this noble assembly as a tribute from my people deals with an ambitious and comforting maxim: Courage pays. Colombians are willing to defend their right to live without fear. Colombians will never bury their [word indistinct] principles. Regardless of how alone we may

be in the world, we Colombians will continue to defend our most sacred values [words indistinct].

A Colombian peasant taught me that violent people can destroy a garden's most beautiful flowers, but that they will never be able to stop the spring from coming. Thank you very much.

Peace Adviser Berjarano Discusses Reconciliation

PA0310031790 Bogota Radio Cadena Nacional in Spanish 1229 GMT 26 Sep 90

[Interview with Presidential Peace Adviser Jesus Antonio Bejarano by unidentified reporters in Bogota—live]

[Text] [Reporter] Good morning, Dr. Bejarano.

[Bejarano] Good morning. How are you?

[Reporter] Very well, sir. Thank you. Dr. Jesus Antonio Bejarano, you are the presidential adviser for peace and reconciliation. The first question is an obvious one. What prompted President Gaviria to send FARC [Revolutionary Armed Forces of Colombia] and the ELN [Army of National Liberation] a letter proposing that a commission of notables be formed and a new peace plan be discussed?

[Bejarano] We have had problems in the past getting a dialogue started with FARC and the ELN. The obstacles stemmed mainly from a policy that had lesser [words indistinct], such as the procedures and mechanisms of the peace initiative. With this proposal, the president is attempting to overcome these obstacles and to see if it is possible to initiate the dialogue with those armed organizations for which the country is hoping.

When we speak of obstacles, we are really recalling that on several occasions FARC has insisted on the appointment of a commission of notables, whereas the previous government insisted that the talks should be held with people from the peace adviser's office. Therefore, what has taken place has been to find procedures or mechanisms to establish an agenda for dialogue between the government and the guerrilla groups through this commission of notables. In no way does it involve the appointment of a mediating commission to reach agreements with FARC on behalf of the government. The government continues to insist that it is not delegating its responsibilities in the matter, but simply seeks a way to establish a discussion agenda. It seems to me that those are the main points of the proposal.

[Reporter] Dr. Bejarano, will you wait for the president to return to Colombia, or can we expect the person designated to replace the president during his absence [ministro delegatario] to seek rapprochement with the guerrilla groups, particularly FARC and the ELN, some time this week?

[Bejarano] I would say that we must await the reactions of those organizations and their eventual responses. Surely they will study the proposal and issue a statement. Of course, the government will await any comments on their part.

[Reporter] Dr. Bejarano, recently during the meeting held in La Uribe and attended by delegations from FARC, the EPL [Popular Liberation Army], and the ELN, a document was announced. In fact, it was announced that there had been contact with the Narino Government Palace on the red telephone. Has such contact been established?

[Bejarano] No. In fact, we learned through the media that they were preparing a document. We do not know the content, the tenor, or the significance of that document. Even though some informal contact has taken place on the so-called red telephone—which by the way is not red—there has been no reference during that contact to any document that they are preparing.

[Reporter] Dr. Bejarano, how will the commission of notables, proposed by President Gaviria in his letter, be formed?

[Bejarano] What we have is a willingness to form a commission of notables. Together with government officials they can establish the agenda, but such a commission must be appointed with prior agreement. Obviously this would be the seed of an agreement and the beginning of a process. Therefore, if the proposal is accepted, one would have to consider who would comprise it. It would be very difficult to establish how it is to be formed at this time.

[Reporter] Regarding the notables, Radio Cadena Nacional has learned and announced this morning that FARC sent a letter to Former President Turbay Ayala in response to one that Turbay Ayala had sent inviting them to La Uribe. Apparently Dr. Turbay has accepted an invitation to meet with FARC leaders. Are you aware of this?

[Bejarano] No. As of yesterday we have not had any information in that regard. [four-second break in reception]

[Reporter] Dr. Bejarano, something has been added in the peace proposal the president presented before he left for New York—the possibility of international supervision. Would it be possible to involve former U.S. President Jimmy Carter and Venezuelan President Carlos Andres Perez as intermediaries, as proposed by the ELN?

[Bejarano] The proposed international supervision is intended to oversee the development of the agreements. This supervision cannot be understood because it does not have the sense or meaning of what the president has described as a condition of intermediary between the government and the armed organizations. [sentence as heard] Primarily, its purpose is that once some agreements have been reached, their fulfillment can be supervised by international intermediaries, who would be selected by agreement. Other international commissions have normally been intermediary commissions. The

government is proposing something else. It wants a commission to confirm whether it can supervise the fulfillment of the agreements reached after the agenda is established and after the dialogues take place.

[Reporter] Dr. Bejarano, what are the government's terms to begin this dialogue?

[Bejarano] Of course, the government demands that the guerrillas cease attacks on townships, kidnapping, extortion, and harassment of the Armed Forces. Fundamentally, it wants the country to be able to believe in those organizations' genuine willingness to achieve peace. It certainly would be difficult for the people to believe in their willingness to achieve peace if they continue with their terrorist activities; therefore, the only condition that has been established is that they suspend such activity.

[Reporter] Dr. Bejarano, this question is directed at the intellectual, the political expert in you. At this moment, with only one minister, Dr. Navarro of the M-19, who has given rise to so much suspicion that there are people who want him removed, what will happen when all of these guerrillas integrate and join the executive branch and the congress. For example, let us say Father Perez [ELN leader] joins the Cabinet.

[Bejarano] Look, in the case of Minister Navarro, obviously he reached the ministry not as a guerrilla, but because he obtained a large number of votes in an election in which guarantees were provided to all sectors. He participated like any other citizen in the elections in a legitimate, democratic, and constitutional manner. I would say that anyone who under similar circumstances obtains the votes has a chance of being part of the government, as long as he observes the limits of the Constitution. Therefore, I believe the country's legal order is sufficiently democratic so that anyone who respects the law and constitutional norms can participate in elections. This is the idea. People who have ideological proposals should submit them through democratic channels, not with weapons through armed confrontation.

[Reporter] Dr. Bejarano, does this major opening President Gaviria has proposed also mean expansion—that is, more members for the Constituent Assembly?

[Bejarano] I think that the decree that authorizes the registrar's office to count the votes is sufficiently clear in that regard. There are two seats for the demobilized guerrillas, and additional seats for other people who engage in the same process or are in the midst of a dialogue process with the government, according to what the decree establishes. To a great extent, the proposal made to these armed organizations has a political context—development of the country's institutional reforms. They have voiced an interest in wanting to participate. Of course, their participation has to do with their being in the midst of a sufficiently advanced dialogue process with the government.

[Reporter] Dr. Bejarano, thank you much.

[Bejarano] All right Juan, thank you very much.

FARC Divided; Sector To Join Peace Process

PA0210170390 Paris AFP in Spanish 0203 GMT 2 Oct 90

[Text] Bogota, 1 Oct (AFP)—The core of the communist Revolutionary Armed Forces of Colombia (FARC) finds itself divided in the wake of a 1 October communique by the 12th Front stating that it will abandon the road of violence to search for other solutions to the problems of Colombians.

The 12th Front stated in a communique received by AFP: "We realize that after 35 years of war we have gained nothing." It stated further that it will accept a dialogue in search for a peaceful solution to the nation's problems.

From the Middle Magdalena Mountains, approximately 300 km north of Bogota, the command said that "violence leads to the destruction of the people," and that as of now it is distancing itself from "the whims of comrades in the General Staff who want war."

The Front disclosed that the recent summit of the Simon Bolivar National Coordinating Board (CGSB), held in mid-September, "was characterized by a climate of war and despair for us, who have a great will for peace today because we realize that after 35 years of war we have gained nothing."

The document said the FARC's 12th Front has understood that through a dialogue its members can participate in the solution of the problems that affect the nation.

"We are convinced that victory cannot be obtained by the use of weapons. We therefore reiterate, once more, our proposal for peace."

It also acknowledged what it termed as "an intense political moment that the nation is going through," but added: "We cannot allow the whims of the comrades on the General Staff and of other organizations on the Coordinating Board to do away with a whole nation's hopes for peace."

Expressing its decision to pursue peace, the communique of the FARC's 12th Front noted that it will devote itself to the construction of "a juster and kinder Colombia," and that it also realizes it will have to face the consequences. "We do not mind if blood has to be shed to achieve our objective of peace, because the revolution demands many sacrifices."

Cocaine Shipment Worth Billions of Pesos Seized

PA0210132890 Bogota Radio Cadena Nacional in Spanish 1200 GMT 1 Oct 90

[Text] Cartagena—A Navy ship, assigned to the Atlantic Naval Force, made one of the largest drug seizures ever aboard the Jenis motorboat that was sailing on the

Caribbean Sea, headed for Jamaica. Cocaine initially valued at 25 billion pesos was confiscated, and all the crew members were arrested. The Atlantic Naval Force Commando will issue a communique soon with further details on this blow to drug trafficking.

Paraguay

1991 Budget Shows Social Spending Increase

PY0210224490 Asuncion NOTICIAS in Spanish 30 Sep 90 p 8

[Text] The 1991 national budget bill exhibits the same shortcomings that affected previous budgets: The central administration and security and defense sectors receive too much compared to allocations for social areas such as public health and education; however, the traditional difference or the breach between the two sectors has narrowed, and one of the basic areas, agriculture, will receive over 200 % more than it received in 1990.

When examining proposed allocations for agricultural development entities, agricultural credit, agrarian reform, and housing construction, we find strong increases in real terms. These increases reveal a trend in the budget bill toward development. The National Housing Savings and Loans Bank [BNV], the Agriculture Development Agency [CAH], the Agrarian Reform Institute [IBR], and the Paraguayan Housing and Urban Planning Institute [IPVU] will receive much more than in the past, revealing that for the first time in a long time, the government will truly try to solve some of the country's most urgent problems. People may object because most of these projects have foreign financing. But the preference for development and for solving the most urgent social problems is obvious. We welcome the prospect of more progressive budgets in the future.

It is striking to see that the Ministry of Agriculture and Livestock, which was cornered and lost in the figures in the past, now holds fourth place in the "ranking" [preceding word in English] of portfolios in the executive branch according to their budgets. However, more important than the "ranking" [preceding word in English] is the fact that the Agriculture Ministry will receive more than twice the amount it received in 1990, allowing for the implementation of important projects. The budget strongly supports the work of the Agriculture and Livestock Development Service, agriculture schools to increase the number of middle-level technical graduates, and various agriculture development projects that currently receive foreign financing.

Organizations in charge of credits to create new areas of cultivation and those financing the purchase of tools and raw materials for small agriculture producers will receive strong monetary support. The CAH will receive 30,881 million guaranies in 1991 compared to 3,111 million in 1990. The IBR will receive 27,124 million guaranies for the purchase and redistribution of land, logistic support to new peasant settlements, and speeding up the establishment of new agriculture colonies for rural development. This amount is more than double what the institute received for 1990. It is an exceptional increase.

According to the budget, one of the privileged areas is housing. The BNV will receive eight times what it received for 1990 to launch a program of popular housing projects through Conavi [National Housing Council]. The IPVU is in a similar situation. These budgets will help build the 4,500 housing units that the president has promised to build.

We have to point out, however, that the health sector, which is also in need of more human and monetary resources, will not receive enough. In general, however, education will receive a good increase to support better teachers salaries and the National University of Asuncion. Comparative Table for Public Sector Allocations Total Projected Allocations (in millions of guaranies)

Item	1990	1991	Increase
1. Central Administration	784,806	1,459,601	85 %
- Domestic Resources	727,840	1,328,618	82.5%
- Foreign Resources	56,966	130,983	129.9%
2. Autonomous Enterprises	1,565,268	1,840,282	17.5%
- Domestic Resources	1,432,597	1,738,117	21.3%
- Foreign Resources	132,671	102,165	-22.9%
Total (1 and 2)	2,350,074	3,299,883	40.4%

Rodriguez Notes Importance of Debt Payment

PY0110182490 Asuncion ULTIMA HORA in Spanish 29 Sep 90 p 12

[Text] This morning President Andres Rodriguez gave an extensive explanation of the government's decision to pay off its foreign debt to Brazil. He said: "It was a brilliant deal that benefits the entire nation according to my small understanding of economic sciences." He added that there is no reason to make hasty judgments of this government decision.

Regarding criticism by several political and social sectors on payment of this debt and leaving aside the solution of very urgent problems such as that of the landless peasants, Rodriguez said: "Now that we have relieved ourselves of this burden we will be able to engage completely in solving those social problems. Why should we put our country on the verge of an abyss if we can get out of the debt with some advantage?"

He explained that if this debt were not paid, our country would have been forced to pay $50 million in 28 years for interest and amortization of the obligation we had with Brazil. "With the solution of this problem, we are now going to solve the problem of landless peasants because we are negotiating a similar deal with the Paris Club, through which the country will have more money available," he said.

Rodriguez explained that negotiations to pay the debt with Brazil began last year when Jose Sarney was still president of that country, and they continued with current Brazilian President Fernando Collor de Mello. He added that an agreement was reached in June 1990 when President Collor visited Paraguay, on the occasion of the OAS General Assembly.

President Rodriguez said that if the debt was not paid, the contract signed to obtain the Brazilian loans would force Paraguay to pay, over a period of 28 years, more than $1 billion, which would represent a tremendous burden on the Paraguayan economy.

He added that the Paraguayan debt to Brazil was paid off with money obtained from royalties and compensations for the Itaipu hydroelectric dam.

Inflation Rate To Surpass 40 Percent in 1991

PY0310000390 Asuncion NOTICIAS in Spanish 30 Sep 90 p 9

[Text] The government is expecting an inflation rate in excess of 40 percent in 1991 according to the projections included in the national budget for the 1991 fiscal year that were submitted to the legislative branch on 28 September.

Despite the lack of accuracy in the document drafted by the Finance Ministry, it is clear that a high inflation rate is expected in view of the salary increase established for public servants. The document clearly states that "concerning salaries, it has been decided to maintain the salary purchasing power in accordance with the inflation rate. It is thus expected that a 20-percent salary increase will be implemented as of January 1991, and another 20 percent as of July 1991. These measures will also include retirement allowances and pensions."

It has been also stated that the utility rate increases recently approved by the government do not meet the need of institutions such as ANDE [National Electric Power Administration], Corposana [Water and Sanitation Corporation] and Antelco [National Telecommunication Administration].

"The level of prices for 1990 has been strongly affected by the basic salary readjustment, the expansion of mechanisms for payment, external factors such as the financial-economic imbalances, and the hyperinflationary process in neighboring countries like Brazil and Argentina. Another important factor that affects all oil importing countries is the current crisis in the Persian Gulf, which has caused oil prices to rise by 100 percent. [no closing quotation marks as published]

Soldiers Reportedly Arrested; Reasons Uncertain

PY0210210890 Asuncion HOY in Spanish 2 Oct 90 p 8

[Text] A report circulating over the past few days states that some sergeants, and even Armed Forces officers, are under arrest. The report adds that the arrested officers belong to cavalry, artillery, and Air Force units.

Several rumors have spread about the reasons for their arrest. According to one of these rumors, the officers and noncommissioned officers voiced unrest because of promotions and salaries. Another rumor refers to a more complicated situation.

According to some rumors, tens of people have been arrested, while others report that the number of detainees totals 100. They say that the detainees are being held in Cerrito, in Chaco.

Asked about this matter, a military source said that something had occurred, but nothing to alarm the people. He added that some noncommissioned officers were arrested on charges of having noisily celebrated—with firearms—the Olimpia soccer team victory, which will allow the team to participate in the Libertadores de America Cup final.

Economic Team Issues Report to Nation

PY2909180090 Asuncion Red Nacional de Television in Spanish 0001 GMT 28 Sep 90

["Special report" by economic team members Finance Minister Enzo Debernardi, Central Bank Chairman Crispiniano Sandoval, Industry and Commerce Minister Antonio Zuccolillo, Agriculture Minister Raul Torres, and Technical Planning Secretariat head Ashwell Washington in Asuncion; date not given—recorded]

[Text] [Ashwell] The government decided to address public opinion to report on our economy's problems and prospects. The government believes that if the people become familiar with our economy's difficulties and possibilities, they will better understand the measures that have been adopted and those that will have to be implemented to reactivate our economy and control inflation, thus making it possible to develop national production and trade activities in a more orderly manner.

All Paraguayans cheerfully and enthusiastically celebrated the toppling of the dictatorship and the restoration of human and political rights in the country after the February 1989 revolution. Very few people, however, accepted the burdensome task of analyzing existing internal and external imbalances and the economic and financial difficulties that were inherited by the new order. With the end of the construction of Itaipu Dam and the delay in investments in the Yacireta Dam project, income from the construction of Itaipu Dam was abruptly reduced. Instead of reducing the level of domestic consumption and expenses in accordance with the new economic possibilities, which were considerably reduced, the government decided to artificially maintain the high level of fiscal expenses and imports. This created an enormous accumulative deficit in the trade balance. Imports were much more numerous than exports. To subsidize domestic prices, the government

adopted a system of multiple exchange rates with a low preferential rate for exports, the payment of government debts, and oil imports. This rate was less than 50 percent of the real exchange rate on the parallel market. When resources gained in this manner turned out to be insufficient, the government increased its overseas debts, ceased to pay its foreign debt, or began to delay those payments, and the Central Bank began to print new money to cover the lack of financing for public expenses. The fiscal deficit became huge and endemic. A consequence of this imbalance was the draining of international reserves that had accumulated during the prosperous Itaipu times. Nearly $800 million were squandered in less than eight years.

At the beginning of the new administration, available international reserves were at a negative level. Because the doors of international organizations were closed to the country, the government had to resort to commercial credits, which had to be paid in shorter terms and at higher interest rates. These credits, however, did not require feasibility studies or profitable projects. Because of this, financed projects were hardly justifiable, their costs were artificially and criminally increased, and their volumes did not meet national needs. Even if the country had been extremely well administered and submitted to an austerity regime, these investments would not have paid for their operational expenses or overseas debts. The inflation created by this deficit policy sped up the race between prices and salaries and the accumulative deterioration of the exchange system. The inflation rate rose from eight percent in 1981 to 32 percent in 1987.

The exchange rate began to go up. The gap between the official rate and the free market rate increased. The official rate went from 126 guaranies [G] to G550 per dollar, and the free market rate went from G169 to G1,035 per dollar. There was an overpowering uncertainty in transactions over the exchange rate. The government and public companies depended on an exchange subsidy and on the Central Bank's inflationary credit to be able to continue operating. Smuggling was stimulated and facilitated as a way of reducing domestic prices and swiftly becoming wealthier. National production was affected and could no longer compete with a privileged rival that paid no taxes. Exports were suspended because, as a result of the artificially low exchange rates ordered by the system, exporting was no longer profitable. The economic growth was negative; as the number of inhabitants in the country increased, productivity per inhabitant decreased.

At the same time our foreign debt grew from less than $700 million to more than $2 billion, and its annual servicing cost increased to levels that surpassed the country's debt servicing ability. We ceased honoring our foreign debt. As a consequence of this obvious mountain of problems, the doors to international credit closed. Paraguay did not receive a single loan from the World Bank during the last five years of the previous government, and the flow of IDB [Inter-American Development Bank] resources suffered a reduction. The country continued to pay debts but almost ceased receiving new resources, and the prospects for new loans disappeared.

Because of the lack of credits, public investments in the country dropped rapidly to minimum levels. As a consequence, the number of job opportunities dropped considerably. No productive activities were developed to absorb those who lost their jobs with Itaipu and the various highway projects that were completed. Unemployment grew in all sectors, especially in construction. In addition to these problems, which we could call temporary problems, were the basic problems that the country endured throughout the constitutional period—that is, the unfair distribution of land, landless peasants, low salaries for the working class, and the high unemployment rate which affects the structure of the national economy. All these problems would, unavoidably, increase the demands for urgent solutions within the new framework of liberties and public guarantees. As if all this were not enough, we were faced with unfavorable prices for our raw materials on the international markets. The prices of soybean and cotton, which represent the largest percentage of our exports, remained low. The entire situation was leading us to paralyzation and recession when the great political change, which brought new hope that the liberties and rights which had been violated in our country would be restored, took place.

Democracy and hope for better times returned to our country, but the economic problems persisted with little chance of being solved immediately. There were no easy formulas to solve all the internal and external problems that plagued our country. In view of this situation the government had three alternatives in the economic field:

1. Continue with the same artificial and onerous process of various exchange rates and subsidies, with artificial prices that could not be maintained any longer because all sources for financing them had been exhausted; also inflation would undoubtedly continue to grow, as well as the problems it causes.

2. Implement a shock adjustment, thus transferring the great burden of inherited imbalances to the people at one fell swoop. The consumers would thus pay the full cost of the increases of imported goods. The government would then be able to implement a strict monetary and fiscal stabilization program.

3. Implement a gradual adjustment program to distribute, with time, and make all economic sectors—not only the consumers—shoulder the heavy burden of the cost of the country's economic and financial readjustment and reorganization.

The government chose to gradually adjust the inherited imbalance. Although some believe it was the right decision and others wrong, this is the path chosen. Let us list the steps taken and, within their context, analyze the measures that have and will be adopted to attain the much-desired economic reactivation.

For this purpose I will ask Finance Minister Enzo Debernardi to explain the fiscal measures of this transition period. After him the Central Bank president will tell us about the monetary and credit measures, the industry and commerce minister about the guidelines and problems of the economic measures implemented, and the agriculture minister about the policy to be implemented in that sector.

We will now listen to Finance Minister Enzo Debernardi.

[Debernardi] The Finance Ministry had a particularly difficult role to play in the situation Dr. Ashwell has just described.

In fact, the fundamental decision to implement a free, single, and fluctuating exchange rate also increased the state's needs for national currency. Since the U.S. dollar, which is used as reference unit, rose to more than G1,000 compared to the G400 at which it had been set previously, most of the state's financial needs grew in the same proportion. The state, like any private businessman, has debts to honor, salaries to pay, and social contributions to make. It has to procure fuel, goods, materials; pay domestic and foreign debts, etc. At the same time, other needs that already existed but had been repressed for a long time suddenly surfaced.

Among such needs we can mention the increase of civil servant salaries, which were considerably lower than the salaries paid by the private sector. This situation was particularly noticeable in the education and health sectors. It was also necessary to provide for rural development and for the construction of low-cost housing.

To meet these demands, the national treasury needed even higher revenues. Consequently, the Finance Ministry—which is the agency in charge of providing for the financial needs of the state—had to swiftly increase its revenues to maintain fiscal balance—that is, equilibrium between income and spending.

In the past, the lack of fiscal balance—either visible or concealed behind a subsidized exchange rate—compelled the Central Bank to spend the country's reserves and to print money without proper backing. Such issuance of money inevitably led to unbridled inflation and monetary collapse because all reserves were used and because it was impossible to replenish the reserve supply.

The Finance Ministry did not have the basic instruments to provide for the accelerated growth of the state income. On the one hand, there are restrictions imposed by an inconsistent, obsolete tax system, which to a considerable extent consists of fixed taxes that do not follow the inflation rate. Such fixed taxes are not adjusted for major fluctuations in the level of spending.

On the other hand, there was the barrier of an administrative structure that was totally incapable of efficiently collecting taxes. In addition, corruption, individualism, and lack of coordination had undermined the ministry's weak administrative structure even further.

Despite the lack of instruments, there was a pressing need to simultaneously and rapidly meet several objectives. It was necessary to increase state revenues without any further delay to avoid a fiscal deficit that could have jeopardized the entire monetary system. Because of the lack of time, however, it was impossible to resort to new taxes or to substantially increase the existing taxes.

At the same time, it was necessary to dismiss officials who were clearly involved [as heard] or who no longer enjoyed the confidence of the people. These officials did not transfer any experience to ministry personnel. Consequently, the ministry did not have qualified personnel.

On the other hand, it was necessary to restructure the Finance Ministry to permanently improve its efficiency. While work was being done to achieve these objectives, it was necessary to increase fiscal revenues.

The effort to attain this set of objectives can be compared to an attempt to repair the engine of an airborne plane that is accelerating its speed.

To attain these objectives, various plans were drawn taking into account three problem groups: first, the central administration, which is in general made up of the ministries, the legislative branch and the judiciary branch; second, the decentralized entities whose revenues could be updated through rate and price readjustments; and third, the decentralized entities whose economic unviability could not be resolved in the short term. As for the central administration, the means for its operation should and must necessarily come from larger tax collections.

Through the complete reorganization of the Finance Ministry under a newly written organizational charter, the replacement of practically all the high-ranking officials, and the head-on fight against corruption and lack of coordination, revenues were substantially increased from just G264 billion in 1988 to G462 billion in 1989—that is 75 percent higher—and revenues will be increased possibly to G662 billion in 1990, attaining an increase of 150 percent under the present government.

Although some taxes levied on a percentage basis have contributed to that tax collection success, it can fundamentally be attributed to better organization, tax evasion control, and contraband repression. This repression has made possible a customs revenue increase of 228 percent, despite the significant customs fees reduction. The higher level of tax collection in general, in addition to spending restrictions and strict administration, made it possible to meet the most urgent needs and to correct major injustices, while still maintaining fiscal balance. Thus, the salaries of public servants were increased by a total of 57 percent, with the most important increase going to public school teachers as a first stage in a plan to increase their salaries to the minimum salary in a reasonable period. It was even possible, for the first time in

our county, to pay a Christmas bonus to public servants, who are guaranteed this year's bonus through a fund that has already been set aside for the months that have elapsed—a good portion of the total amount of G23 billion for this year's Christmas bonus. This is just an indication of the improvement in the administration of state funds.

Before new taxes are imposed and so that investments and, consequently production, are encouraged, the Treasury has relinquished revenues by granting important exemptions on both domestic and foreign investments through Decree-law 19 and its amendments in Decree-law 27/90. Likewise, the Treasury has tax- exempt deposit certificates issued by financial institutions to stimulate savings that can be channeled into productive activities. On the other hand, through the timely transferring of funds, the Treasury has allowed institutions to carry on their projects without major delays.

It should be noted that the central administration has significantly contributed to monetary control in two ways: Not using internal credits from the Central Bank to finance its operations was one way, and maintaining important funds deposited in the Central Bank was the other way. This gave a margin to control inflation.

As for the second problem group—the centralized entities that are economically viable—it is absolutely logical that they update their sale prices and service rates to keep up with costs. Once the administration of these entities was considered normalized and their expansion programs were reduced to reasonable minimum limits, their costs were found to depend on two factors: one, the dollar exchange rate that determines the cost of materials they have to import and the external debt they have to pay; and the other, the minimum salary that determines their local costs, including salaries, materials, etc.

Since February 1989, the dollar exchange rate for those entities increased from G400 to G1,250—that is, by more than 300 percent. The accumulated increase of the minimum salary was 75 percent. The average accumulated authorized rate adjustments, however, amounted to 65 percent. This shows how prudent and strict the government has been in this regard.

There could have been other alternatives. The situation of those entities—which render services that are so important like electricity, water, telecommunications, and transportation—could have been allowed to deteriorate to a point at which they would need massive state subsidies. This would have required the printing of money without backing, which would have in turn produced unbridled inflation. One should never forget that inflation is the cruelest tax and that it is paid essentially by the poorest sectors.

As for the situation of the third economically unviable sector, which is made up of decentralized agencies, there was not and there cannot be a total and satisfactory solution in the short term. It should be recalled that we inherited this problem and that the current government has no responsibility whatsoever for it .

The fact that there is a problem does not necessarily mean that there is a favorable immediate solution to it. Consequently, and while there is no other solution on sight, the Finance Ministry will have to bear the burden of those agencies, within its possibilities.

In the case of some of those agencies, like Acepar [Paraguayan Steel, Inc.], there have been favorable international circumstances. The state has repurchased this entity's foreign debt at a discount of approximately 75 percent. This means that today Acepar has no debts and that its financial situation has been resolved by paying 25 percent of its face value.

Similar operations are either underway or have been scheduled for other entities of the same group.

Payment of the foreign debt owed by the entities for which the origin of the debt remains dubious has been suspended, and steps are being taken for the respective renegotiation. We expect to succeed as we did in the case of Acepar.

These operations, meant to substantially reduce the respective investments, will mainly facilitate the privatization of these companies, as desired by the national government, or if this is not possible, they will improve the companies' economic capacity.

Privatization is neither an easy nor quick solution. It must be decided by the people's representatives. As it is known, their opinion in this subject, regarding both its scope and the methodology that must be used, is not always the same, and sometimes they drastically oppose each other. All this is logical and natural, and it is part of the essence of democracy. The sale of an important portion of our national patrimony not only must be decided by those who have the necessary mandate to do so, but it must also be carried out with absolute transparency, and it must obtain concrete results.

The preparation of all this takes a period of time, which cannot be reduced, regardless of our goodwill to do so. Besides, the existence of a seller is not enough to carry out a sale; there must also be buyers who offer acceptable conditions, and so far this has not been the case.

The substantial decrease of public expenses through the reduction of the state structure is not a task that will yield immediate and spectacular results. It must be the result of carefully prepared plans whose implementation may take a long time. In this field, as in many others, it is easier to be demagogic than to confront reality. Beside, one cannot categorically assert that the Paraguayan state is large, since its income is supported by an eight-percent tax burden—one of the smallest in the world. We believe that in overall terms, the Paraguayan state's efficiency may and must be greatly improved, but this will not necessarily mean that its costs may be reduced.

Another great problem that had to be confronted is the payment of the domestic and foreign debts. The *domestic debt has been dutifully paid by the Finance* Ministry for the central administration. The foreign debt is an important problem because its maturity dates are inadequately scheduled, and its payments are mainly concentrated in upcoming years. This makes its payment difficult according to the current deadlines.

Besides, the destination of some foreign debt loans is debatable. It is necessary to renegotiate the foreign debt to obtain more favorable conditions. Our creditors, who apply the same norms to all its debtors, demand that our country first reach an agreement with the IMF over an economic and monetary program.

Creditor countries in general think that if they are required to make sacrifices to grant special concessions such as reducing the debts or granting softer conditions for interests and deadlines, the debtor country should also make an equivalent sacrifice by putting in order its economic and monetary administration and avoiding subsidy policies. The IMF has the difficult mission of verifying that both shares of sacrifice, that of the creditor and that of the debtor, are equal. This is why it is so difficult to reach an agreement with the IMF. If our country does not reach such an agreement, however, the possibility of an appropriate agreement with our creditors—and consequently new financing and an appropriate flow of investments—will not exist. Without this flow of investments the social and economic development that we need so much may have to depend only on our domestic savings possibilities, which are completely insufficient given our degree of underdevelopment, our extremely high birth rate, and the age distribution of our population, which is basically made up of young people who are yet not contributing to the economy, but for whom jobs must urgently be created—something which in turn demands great investment.

Since agreements have not been reached with the IMF, with which we are about to begin negotiations, the government has proceeded with the timely repayment of credits obtained from multilateral institutions, such as the IDB and the International Bank for Reconstruction and Development. We have also repaid some bilateral loans so as not to block the disbursement of new loans.

Up to now, we have spent $226 million to meet these commitments. Moreover, taking advantage of favorable international market conditions, we have canceled our debt with Brazil for a total of $486 million which was discounted by three fourths. This discount encompasses the Acepar operation which we have already mentioned. This operation and its respective expenses has demanded the disbursement of a total of $123 million.

Overall, Paraguay's current foreign debt, which is guaranteed by the National Treasury, has decreased from $2.076 billion to $1.620 billion—that is, the foreign debt has decreased by 22 percent.

This achievement will facilitate the renegotiation of the rest of the foreign debt, and it will improve the management of the country's fiscal and monetary sectors.

The tremendous effort that has been made at the administrative and fiscal levels has been accomplished without any foreign aid whatsoever.

Although it is true that the current government has received great solidarity and understanding at the international level, it has not received any tangible economic aid. Paraguay has been left alone on this difficult path toward its democratization and the streamlining of its economy.

If we want the government to increase its activities in the social sector, to redress injustices, and offer better opportunities, we will undoubtedly need more funds. This is necessary even if in time we succeed in reducing the state apparatus. This demands tax reform. But tax reform is one of the most difficult objectives to achieve in view of the intrinsic difficulties involved and because of the reactions it usually elicits from the affected sectors. In view of this, these reforms demand a considerable amount of time for their drafting and implementation.

The Finance Ministry believes it is a national duty to undertake tax reform although the ministry knows that the current government will reap very little or virtually nothing from tax refrom. Although this tax reform may not be fully implemented during the current government term, it will be an important and priceless contribution that the current administration will make to the future administration, no matter which; the current administration, however, will bear the burden of the poltical costs.

We hope that this contribution will allow Paraguay to achieve better distribution of wealth and burdens.

This brief summary of the management of public finances shows that we are well aware of the problems and that every effort was made to achieve a better solution whenever possible.

When historians analyze the nature of these days, they will find that it basically consisted of the administration of a change toward a more sincere and transparent situation in keeping more with the world situation.

Administering change is difficult. It is easier for a race driver who has a powerful car to get applause than for one who is making an effort to start an old, broken-down truck stuck in the mud on a remote dirt road. But if everyone who is able lends a hand, the truck will get out of the mud and get moving.

[Sandoval] A diagnosis of the monetary and financial situation before 1989 reveals a progressive deterioration of the macroeconomic equilibrium whose main characteristics are a high issuance of money which, in turn, has accelerated inflation. Money issuance increased by 340 percent from 1982 to 1988 at an annual average rate of 57 percent. Subsidies for the currency exchange system

increased from G26.500 billion in 1984 to G86.357 billion in 1987 and G77.000 billion in 1988. Central Bank credits for the public sector increased from G45.351 billion in 1984 to G141.000 billion in 1988, at an annual average rate of 53 percent. Central Bank subsidized credits [redescuento] also increased from G38.000 billion to G102.000 billion during the same term at an annual average rate of 42 percent. Inflation increased by 168 percent at an annual average rate of 42 percent [time span not specified]. The minimum salary increased by 262 percent from 1984 to 1988 at an annual average rate of 66 percent.

Foreign trade remained stagnant, and the exchange deficit grew an annual average volume of exports of $350 million to $485 million. The deficit of the exchange balance increased while the foreign debt grew rapidly. The foreign debt mainly consists of medium-term commercial loans at high interest rates for public companies with unfeasible investment projects. The annual foreign debt payments increased from $143 million in 1984 to $283 million in 1988, rapidly reducing our international monetary reserves and accumulating overdue debts. The foreign public debt increased from $690 million in 1980 to $2 billion in 1988, while long-term financing for the private sector dropped from $170 million to $33 million during the same period.

The net reserves of transferable currencies dropped from $676 million in 1980 to $134 million in February 1989. Public companies' investments in projects increased while private sector investments steadily decreased.

The exchange rate rose from G135 to the dollar in 1980 to G1,035 to the dollar in 1988, an increase of 667 percent, while the official dollar experienced an average increase of 277 percent during the same period. Bank credits also experienced negative interest rates. The Central Bank discount rate was at five percent per year up to 1980; it went up to eight percent in 1982 and to 10 percent in 1988, while the average inflation rate was 42 percent per year. In the same way, bank credits to agroindustrialists, which were financed with rediscounted-rate loans from the Central Bank, earned 14.5-percent interest in 1980 and 22 percent in 1988. Economic growth also registered negative rates during the first half of the 1980's, with a slight recovery in the second half.

On 27 February 1989 the government adopted the following measures: Controlled and subsidized exchange rates were eliminated; credits to state entities were suspended; external-debt contracts for financing public investments were minimized; import and export procedures were simplified; foreign debt payments were brought up to date; the official exchange rate for export operations was eliminated; a self-financing policy for public enterprises was adopted; and Central Bank financing for the productive sector was attuned to the monetary stability policy.

The main results achieved through the implementation of these measures are:

1. The GDP increased;

2. The printing of money was kept under control. It was reduced to 31 percent a year in August 1990 against inflation of more than 36 percent a year;

3. Public utility rates, fuel prices, and salaries were gradually readjusted by the government to correct serious distortions in the economy and the exchange rate regime from previous years; combined with the effects of internal price measures adopted in neighboring countries and the effect of the Middle East conflict on the internal price of oil, this caused the 36-percent inflation rate for the month of August 1990. The strategy of the government's economic policy is directed at reinforcing the instruments of monetary control to reduce inflation.

4. The Central Bank discount-rate loans reached a maximum level of G213 billion in May 1990 and dropped to G120 billion in August 1990. With the new Central Bank discount-rate loans for crop financing, the discount-rate balance will be increased only moderately to keep an excess issuance of money from accelerating inflation. Complementary financing for agricultural and other productive activities will be provided by commercial banks and external sources. The bank financing has positively contributed to attaining an unprecedented level of agricultural production in 1989 and 1990, with consequent export expansion.

5. Foreign trade deficits from previous years have been converted into trade surpluses in 1989 and 1990, with exports worth more that $1 billion in 1989 and prospects for higher volumes in coming years. The most recent import figures also show an important increase in components such as machinery, engines, iron goods, agricultural equipment, and transportation materials; that is, an important quota of capital goods for agroindustrial and manufacturing projects in the planning stages. Of a total of $600 million worth of imports from January to August 1990, $300 million has been in capital goods.

6. The balance of payments has substantially improved in 1989 and 1990; international monetary reserves have grown from $134 million in February 1989 to $486 million in August 1990, an increase of 263 percent.

7. The foreign public debt has dropped recently, although overdue debts have accumulated. Payments will be updated through a renegotiation of our debt with banks and official creditors. In 1989 Paraguay paid $130 million for debts; up to August 1990 we have paid $184 million, including payment of debts to Brazil.

The foreign debt decreased from $2,077 million on 30 December 1980 to $1,620 million in September 1990, a 22-percent reduction. Of the $1,620 million, payments of overdue debts totaled $356 million in September.

8. The exchange rate remained stable throughout 1989 and 1990, which demonstrates a balanced situation in

the supply and demand for currency. Banks and exchange houses freely buy and sell currency, while the Central Bank cooperates with them by buying and selling currency at market prices without interfering in the basic trends of the exchange market. All payments for imports and exports of goods and services and for capital movement are being done under a free market exchange rate.

9. Interest rates were gradually corrected to reduce their high negative gap in terms of the inflation rate. The national economic team intends to establish a free interest rate system to eliminate the distortions that fixed interest rates are causing in the financial field. Free exchange rates will stimulate an increase in savings and strengthen the banks' capacity to fulfill the growing demand for credit from the productive sector.

10. Along with the freeing up of interest rates, the Central Bank will introduce some instruments for open market operations to regulate internal liquidity. This will help maintain a stable dollar exchange rate.

In all, there are positive indications of a reactivation of the economy and a strengthened external sector, although additional efforts must be made to consolidate the national economic base. The results of the transition from a previous economy marked by state intervention to a market economy must be evaluated in the medium term. In the initial stages the structural rigidity of the public and private sectors must be corrected to allow solid progress toward the development of the necessary conditions for investment in the creative sectors of the economy and long-lasting growth.

The Paraguayan economy is going through an evolution or change that affected both the old and new worlds in 1989. Totalitarian economic systems, the communist socialism of East European countries, and the corrupt state interventionism of Latin America suddenly and simultaneously gave way to a system of exceptional political freedom and intense economic promotion as if the world had woken up following the rightist and leftist nightmares that affected humanity throughout most of the 20th century. Just like Hungary, Poland, Russia, Panama, and others, Paraguay felt the impact of giving birth to an economically modern and politically democratic lifestyle.

In the past 18 months, President Rodriguez' administration has tried to transform a patronizing, indebted, interventionist model into a more responsible economic system that will allow everybody more participation.

Firmly in favor of development and privatization, the Industry and Commerce Ministry has worked intensely to promote investment, dissolve monopolies, eliminate subsidies, free prices, and implement mechanisms that will allow a real market economy to work with free competition and with the necessary protection for national industries and production. The indicators are evident.

Investments are the essence of economic development. Only through sustained investment growth will we be able to achieve a solid increase in production, create new job sources, obtain a satisfactory supply for domestic demand, and increase exports, which will result in more currency income.

As of June 1989, the Investments Council had approved 500 programs encompassing over $350 million; two-thirds of this amount comes from Paraguayan investors, while one-third comes from foreign investors in Brazil, Italy, Germany, Argentina, the United States, Japan, the ROK, Spain, Great Britain, Peru, and other countries.

These investments have been channeled mainly to the agroindustrial sector and the services sector, such as passenger and cargo transportation, silos for grain storage, hotels, and livestock and agriculture.

In view of the excellent level of exports, which totaled $1 billion in 1989, it is estimated that exports will yield a similar result in 1990. Furthermore, it is estimated that in 1991, we will experience a substantial increase in exports of cotton, soybeans, meat, leather, garments, sugar, and vegetables—all of which have gradually acquired greater importance in the national export sector.

To achieve this record export figure, last year the government granted over 200 billion guaranies in credits to farmers and exporters, and it has surpassed this figure in 1990.

The national government has implemented a well-defined economic program. To do this, the government was compelled to chose between the implementation of gradual changes or the adoption of shock [previous word in English] measures.

Regarding the dollar rate, the government chose to immediately implement a free exchange rate—that is, it adopted a shock [previous word in English] method. Regarding public utility rates and fuel prices, however, the government enforced a gradual policy so that the adjustment of prices would result in the least possible sacrifice for the people.

As for fuel prices, Petropar [Paraguayan Petroleum, Inc.] has implemented a gradual price adjustment. In view of the prevailing realistic exchange rate levels, Petropar had to absorb the difference between an exchange rate standing at 400 guaranies per dollar and that of 1,200 guaranies per dollar. This represented an automatic tripling of Petropar costs.

The above-mentioned increase was gradually transferred to the consumer through 20 and 30 percent increases over a period of 18 months so the people pay a price similar to that charged by our neighboring countries despite the fact that they are oil producers.

Under current circumstances stemming from the Gulf crisis, Petropar increased fuel prices by 30 percent to keep the market adequately supplied.

In any economy, we must all pay in one way or another for subsidizing the price of an item. The result of any economic policy depends on the means chosen to set the course. In our country's case, it is safe to say that we have made progress in both the economic and political fields, our standing objective being that of achieving freedom with well-being for everyone.

Economic growth always entails imbalances in various areas, but this is a price we have to pay for building a more prosperous, more realistic, and more stable future for our country, our families, and our children.

[Torres] We must mention that, as has been shown through various economic indexes, the country faced a serious crisis at the national level when this administration took office. As a result of this crisis, income, employment, consumption, savings, and investments decreased, eroding the standard and quality of the people's life.

The 2-3 February revolution created expectations in the people. At the economic level, the people sought to obtain more income, and at the political and social level, the people sought to build a new model of society to ensure the welfare of the majority of the people and put an end to traditional forms of oppression and poverty.

Within the national policy framework, the rural development policies are aimed at reactivating the agricultural and livestock sectors. These policies have been defining priorities in an attempt to meet the people's economic and social expectations. In this regard, efforts are aimed at strengthening the modern agricultural and livestock sectors, and offering solutions to poor, small-scale, and landless farmers. The modern agricultural sector emphasizes the national programs for each product and the exploitation of cattle, horses, and mules gives continuity and strengthens our main source of income. In 1989, the primary sector surpassed $1 billion through the export of soybean, which totaled $316 million, and meat and frozen meat, which totaled $100 million, and through wheat, a nontraditional export. Cotton exports totaled nearly $316 million.

The modern agricultural sector has used a great deal of the technology generated in the country. We can be proud of the Paraguayan technological achievements that have made it possible to rationally exploit various products. Nonetheless, we must seek more effectiveness through research in the agricultural and livestock sectors, and through an intensified transfer of technology on genetics and animal and vegetable breeding.

This work calls for, and we have already decided to implement a dynamic agricultural and livestock extension service with the cooperation of the bases—we must reinforce these bases—and with proposals to meet the farmers' most immediate needs.

We know that economic resources, which are often limited, must be increased through the active participation of private companies. These companies have an important contingent of professionals who have been performing a silent role that is extremely beneficial for the country. Right now, there are more than 120 agricultural and forestry professionals working in these fields.

If the public and private sectors join forces and combine their resources, we will be able to more effectively cover a larger number of activities, thus improving the quality of our important export products.

Simultaneously, gentlemen, we will be emphasizing our traditional agriculture, our subsistence agriculture. This way, we will ensure the production of basic foodstuffs, particularly for small-scale farmers, and give them a diversified diet that includes small animals and vegetable species widely adapted to our environment and easy to plant such as beans, manioc, corn, and greens. Emphasizing traditional agriculture, as we have been doing at all meetings, is very important.

Fully aware of the need to diversify our production, we will study the possibility of planting other types of products such as rape, barley, and kaa-he'e [stevia rebaudiana, a sweet plant found in Paraguay and Brazil that is being used as a sugar substitute], which we all know about but must find ways of industrializing. We must also stimulate the tilling of sugar cane, particularly because it offers an energetic alternative that cannot be overlooked.

The government is facing the great challenge of trying to move a large number of low-income people, small-scale farmers, and farmers who are benefiting from agrarian reform into the production sector. In this regard, there is a political will to make agricultural development a reality to satisfy the needs of people.

The Rural Development Council, through its organizations, is responsible for making proposals and taking action to carry out the program to establish agricultural settlements. Therefore, it was decided to work in a coordinated manner with the Agriculture and Livestock Ministry, the Agrarian Reform Institute, the Agricultural Development Agency, and the Technical Planning Secretariat. We have also requested the participation of the Public Health and Social Welfare Ministry and the Public Works and Communications Ministry because these two institutions are essential for rural development.

The main task is to satisfy the needs of families in old and new settlements. It is a hard task because the people in the settlements need not only the land, but also technical, financial, and organizational assistance along with the infrastructure for their permanent settlement and gradual capitalization of their interests. We have to stabilize producers in their settlements so they can be happy and progress.

In the second half of this year, the Rural Development Council, through the Agrarian Reform Institute, will provide aid for 9,200 families in new and old settlements. There is also a plan to purchase 7,000 hectares of land for Indians. This effort will encompass about 30

agricultural settlements. We are already helping about 15 settlements, and by December we will be helping all 30 of them. This is part of our emergency program to satisfy the needs of our brothers, the peasants without land, and the agricultural producers.

In 1991 aid will be extended to 20,000 families, and in the 1990-1991 period, aid will reach 29,000 families. To carry out this task we have the financial support of the Republic of China. This financial support added 18 billion guaranies to the budget for the various institutions that make up the Rural Development Council. In addition, we have the resources of the national budget and nonreimbursable loans to be used in 1991.

Our rural development programs are being implemented by various institutions subordinate to the Council. They will be successful if we continue to have the growing participation of all citizens of goodwill and the cooperation of people in the private sector, the church, the Armed Forces, peasant organizations, and other entities that are convinced that our social, economic, and political reality requires a firm commitment to carry out these programs with responsibility and self-denial. They will strengthen the political will to consolidate our agrarian reform and development of the peasant community.

We are working on this field. We will fight to carry out these programs because we believe our economic reactivation and our country's greatness depend on it.

[Ashwell] The measures we have implemented seek to adjust our internal imbalances and begin the process of reactivation. But we still have to confront external problems. The government expects to conclude its negotiations with the IMF with an agreement that will support a program aimed at containing the inflationary process. We will then negotiate our foreign debt with the Paris Club and private banks. We will seek longer terms, refinancing of our overdue debt, adequate grace periods, and more favorable interest rates. The purpose of this process is to normalize our country's relations with our foreign creditors.

Later, we will negotiate new credits to finance the expansion of production activities, such as agriculture and industry and the implementation of needed public works. The return of foreign capital to finance operations in the country will contribute to the reactivation of our economy, the creation of new jobs, and ordered growth for our economy.

The country's economic development is not the government's exclusive responsibility. All economic and popular sectors must contribute. It will not be the result of the work of a single government either. The sustained effort of successive governments will be necessary if we are to achieve and consolidate sustained and growing development of the country's production capacity.

The government is seeking to overcome our current economic difficulties with these measures. We are seeking to achieve a necessary financial balance to assure internal stability and order in our short- and medium-term economic relations. We are seeking to encourage the growth of private investment, recovery of the population's income and occupation level, and consolidation of the framework of monetary stability to make further salary and price adjustments unnecessary. We are seeking to normalize our foreign debt service and encourage the growing influx of foreign capital—commercial and financial—to aid in financing our production activities. We are seeking to encourage the growth and diversification of competitive exports and to consolidate the country's capacity for maintaining a stable, consistent foreign exchange policy.

I call on all citizens and all production sectors in the country to join this great venture of consolidating a healthy economy and an ordered, stable monetary system. This program is indispensable for the ordered development of our national economy and consolidation of the freedoms and democracy we enjoy today.

Peru

Minister Reportedly Met MRTA Leader

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[Report by Jaime Marroquin G.; quotation marks as published]

[Text] It was 2145 at the editing room. Editor Victor Castaneda, with a skeptical and nervous smile, told me: "Polay Campos [Tupac Amaru Revolutionary Movement, MRTA, leader] is on the phone; he wants to talk to you."

Like Castaneda, I was hesitant. I answered the call and after a brief silence, I heard a voice very similar to the one I heard when Polay was interviewed on television while underground.

"This is Victor Polay Campos speaking. I want to tell you that the MRTA has decided to release Change 90 Deputy Gerardo Lopez Quiroz..."

There was a pause, and then the person who claimed to be Polay reassured me: "I am Polay, and what I am going to tell you is exclusively for EXPRESO."

He said: "First, we seized Deputy Lopez because we wanted to discuss our concerns regarding laying down our arms. We have the discussed the matter with Lopez in a friendly environment. We treated him well, and he has not been tortured. He is an intelligent person who listened to us and offered to mediate in our proposal."

I asked Polay whether in fact Lopez was kidnapped. He firmly said; "No. It was not exactly a kidnapping, because our intention was not to ask for money or demand an exchange. We held him for eight days, and he was not under any pressure. At night, while he was

sleeping, he was not guarded. We trusted that our relations at that moment were very important, and fortunately we found a very educated person who could take a message to President Fujimori."

I asked Polay: You said that the MRTA is willing to lay down its arms. Can we talk a little more about this possibility?

At that moment we heard some persistent noise on the phone that disturbed the conversation a little.

Polay, apparently unaware of the noise, answered flatly: "Yes, the MRTA is willing to give up its weapons. The MRTA members want to return to democracy, and we no longer want a bloodbath. We want peace."

His words were uttered with conviction and firmness. This allowed us to talk with more confidence and ask him to tell us whether talks have been held with some government official.

He again answered without hesitation: "Yes, we are talking, but we want to be clear and precise. We want to lay down our weapons, but with the condition that there be no tricks. We do not want to be in prison or under arrest. We want to regain our rights like other citizens to work freely in our professions, with no problems, like any other citizen, because we want to remind you that we have professionals in our cadres, we have architects, engineers, teachers..."

Before ending his sentence, we interrupted him: Are they the ones who dug the escape tunnel? He replied: "Well, we had better not talk about the past... We are people who make up groups of professionals, and we aspire to be free."

Polay said he was calling from a public telephone booth and that he would have to hang up because he did not have another coin. The conversation was then cut. But the main point was already made. The MRTA is surrendering. This is the news of the year.

As I was transcribing the telephone conversation, I was told I had another call. The same voice said: Mr. Jaime, I am Polay speaking again...

Polay's voice was again unhurried, showing no excitement. "Listen, I am calling again because the story of the coin was not true. The fact is that at that moment a police patrol was passing, and I decided to leave the booth as a precaution. You know that we are continuously on the lookout and trying to avoid being detained by the police."

I asked him: Tell me Polay, now that you are willing to talk, what can you tell me about the MRTA's contacts with the government? Can you tell us about the issues discussed?

Polay said: "Of course, and this is another scoop for EXPRESO."

"Last Friday, the interior minister and I agreed to hold a secret meeting at 1800 at the Capitol movie theater on Arica Avenue."

"We agreed to meet using false names. I was to be called Cirilo Torres and the minister was Mr. Sifuentes. Each of us could be accompanied by only one person, no more."

"I was waiting for the minister in the first row on the right-hand side. My companion hid in the bathroom."

I asked him: Were you armed?

He replied: "Of course, but we did not intend to use our weapons. We carried them as a security measure, to prevent some unexpected event, which fortunately did not happen.

"During the movie, and at the scheduled time, a plainly dressed little man with a little moustache appeared," Polay said.

"He asked: Are you Mr. Cirilo Torres? I nodded, and the minister said: I am Sifuentes. We then began to talk."

"The minister asked me not to kill Deputy Lopez. Let us make a fair deal, I told him, and I asked him to allow us to leave the movie theater freely. The minister answered: "Don't worry. Tell me what you want. Tell me what your plan is to release the deputy."

Polay seemed to be at ease and continued: "We do not want money or any exchange for his release. We only want to talk, to return to democracy, to lay down arms..."

The news surprised the minister, according to Polay. Before he regained his composure, Polay gave him a sealed document addressed to President Fujimori in which the MRTA details their conditions for laying down their weapons.

"We want a ceremony similar to that in Colombia when M-19 leader Pizarro also laid down arms. What he (Pizarro) did, I am going to repeat, you can be sure of that." Let us end the bloodshed and terror."

Then, as if complaining, said that some newspapers, such as LA REPUBLICA, OJO, and also EXPRESO, have attributed to the MRTA some crimes and attacks that they did not commit. He said that he chose to give EXPRESO the scoop because it is a serious newspaper and that is very important that our decision be published. It is an event which, obviously, is great news."

The improvised and unexpected conversation ended in this manner. Polay had said what he wanted to say. I hope he fulfills his promise for the good of the country.

MRTA Said To Lay Down Arms

PY0210143690 Madrid EFE in Spanish 1956 GMT 1 Oct 90

[Text] Lima, 1 Oct (EFE)—According to an article published today in the newspaper EXPRESO, the Peruvian Tupac Amaru Revolutionary Movement (MRTA) communist guerrilla group has made an offer to President Alberto Fujimori's administration to lay down their arms, as the Colombian 19-April Movement (M-19) did a few months ago.

The article states that Interior Minister General Adolfo Alvarado Fournier held an initial meeting with MRTA leader Victor Polay Campos on 28 September. Interior Ministry spokesmen, however, said that they were not in a position to comment on this report.

The newspaper asserts that this news was reported by Polay, 39, in a telephone call to the EXPRESO offices. On 9 July Polay and 47 other MRTA militants escaped the top-security jail in Lima where Polay had been held since February 1989.

According to the article, Polay said: "The MRTA has decided to lay down its arms. We want to return to democracy and work at our jobs. We want peace." Polay added: "We want to lay down our arms, but on the condition that there will be no traps."

The guerrilla leader told EXPRESO that he held a meeting with Gen. Alvarado Fournier on 28 September in the first row of seats at the Capitol Movie Theater in Lima, where they met under false names and in the company of only one other person.

Polay did not reveal the topics discussed during the meeting but said that he had handed a sealed envelope addressed to President Fujimori to the interior minister. The envelope contained his conditions for laying down arms. "We want the act to be similar to that which occurred in Colombia when the M-19 laid down its arms," Polay added.

In Colombia, the former 19 April Movement laid down arms on 9 March 1990 and became a political party. It came in third in the presidential elections last May, when Colombian President Cesar Gaviria was elected.

According to revelations made by Polay last June, three MRTA detachments took part in the M-19's occupation of the Bogota Palace of Justice in November 1986.

No official source has agreed to comment on the news published in EXPRESO. The news, however, seem to contradict comments made by ruling party Deputy Gerardo Lopez Quiroz after he was released by the MRTA, which had kidnapped him and held him prisoner for seven days.

Lopez Quiroz, of the "Change 90" movement, said the MRTA is not interested in holding talks with the government "until the current situation changes." By "current situation" the MRTA is referring to the social consequences of the difficult economic adjustment implemented by Fujimori after taking office on 28 July.

The deputy said he was kidnapped by the MRTA to hold talks on the serious national situation and to report directly on the MRTA's plans.

The MRTA was created in 1982 as the result of a breakup of several radical-left groups. Its first concern was to propagandize its ideals and to distribute stolen food to residents of the poorest Lima slums.

Beginning in 1987 the group intensified its actions in the Peruvian jungle with uniformed columns occupying several villages. It suffered its worst defeat in the Huancayo Andean region in May 1989 when nearly 70 guerrillas were killed in a clash with the Army.

In addition to the escape from the "Miguel Castro Castro" jail in Lima through a tunnel that was more than 300 meters long, the group's most spectacular actions were the kidnappings of important businessmen, who were held prisoner for long periods until large ransoms were paid. The group also planted several car bombs in various parts of the country, causing mostly material damage.

Vice President Comments on Talks

PY0210155090 Lima Television Peruana in Spanish 1100 GMT 2 Oct 90

[Excerpts] Following the release of Change 90 Deputy Gerardo Lopez Quiroz, relatives and neighbors celebrated both his release and birthday at the same time. Lopez said he will soon meet with President Alberto Fujimori to brief him on the Tupac Amaru Revolutionary Movement [MRTA] proposal to begin talks. Yesterday he went to Government Palace with Carlos Garcia, second vice president of the Republic. [passage omitted]

[Begin recording] [Lopez] The president's aide-de-camp told us that the president cannot receive us, for reasons we are not familiar with, and that he will receive us on a date yet to be established. This surprised us, because we feel that we are delaying a period when a truce could be established in the country, a path to national pacification. Of course, we came here with no previously scheduled meeting. Yesterday we told the country that we would visit the president with Garcia to greet him and to brief him on some information about which he must already be aware.

[Reporter] Mr. Garcia, people are talking about two potential central government representatives participating in the talks. Are you one of them?

[Garcia] If I am authorized, supported, and designated by the government, I will serve as one with pleasure; I feel that no door to dialogue should be closed. We must make all possible efforts, because I think we are experiencing an historic and important moment that can determine the future of the country.

[Reporter] But will the laying down of weapons be the main condition?

[Garcia] This will have to be discussed further with Deputy Lopez and other people who could serve as interlocutors to firmly establish the conditions. [end recording]

Terrorists Kill Four Peasant Defense Patrolmen

PY0210205790 Madrid EFE in Spanish 0355 GMT 2 Oct 90

[Text] Huancayo, Peru, 1 Oct (EFE)—National Police sources have reported that alleged terrorists today murdered four members of the Peasant Defense Patrols in Huancayo, 315 km east of Lima. The terrorists used guns, knives, and explosives to kill the peasants.

The policemen found the bodies early this morning in the Pilcomayo District, on the outskirts of Huancayo, only a few hours after the alleged terrorists forcibly dragged the victims out of their homes.

The peasants were between 20 and 25 years old, and they had been shot and stabbed. The police source explained that the terrorists had detonated bombs on the peasants' bodies [as received].

Last month in Pilcomayo alleged terrorists murdered the chief of the community and four leaders of the Peasant Defense Patrols, which is the armed civilian group that supports the Army in regions where the security forces are insufficient to fight terrorism.

The National Police have pointed out that the Maoist Shining Path terrorist group is the most numerous in Huancayo, which is the Andean province that is most affected by political violence. Since 1980 the Shining Path has killed at least 21,000 people and caused nearly $18 billion worth of losses.

Uruguay

Lacalle Tells Bush How Crisis Harming Economy

PY0110230490 Buenos Aires DYN in Spanish 2056 GMT 1 Oct 90

[Text] New York, 1 Oct (Reuter)—Uruguayan President Luis Alberto Lacalle today told his U.S. counterpart that the Persian Gulf crisis had delivered "two punches" to his country's economy. He also voiced his hope for a prompt solution to the problem.

The two blows mentioned by Lacalle are the steep oil price increase after the Iraqi invasion of Kuwait on 2 August and the UN-ordered economic embargo against Iraq, which forced Uruguay to cancel the sale of mutton worth $30 million to that country.

Lacalle told the press: "This is a huge sum of money, and that is a new market for a country whose exports amount to $1.5 billion per year."

While journalists were taking pictures of them shortly before the meeting, Lacalle was heard to tell his U.S. counterpart that the Persian Gulf crisis had given "two punches" to his country.

"I think that this crisis should not continue because it demands much of society," Lacalle said in a news conference that followed his meeting with Bush.

He added: "A quick solution is best in such a conflict."

Lacalle said that Bush supported the economic path taken by Uruguay. Lacalle promised that his country will continue to comply with the UN economic resolutions aimed at forcing Iraq to withdraw from Kuwait.

Government, Labor Union, Employers Begin Dialogue

PY2809143290 Madrid EFE in Spanish 0936 GMT 27 Sep 90

[Text] Montevideo, 27 Sep (EFE)—Representatives for the government, the main labor union—which is under the control of the leftists—and the business sector today began "a great national dialogue" aimed at overcoming the current combative situation in the labor sector. Receiving labor leaders and employers, Labor Minister Carlos Cat observed that "a new era" had begun in relations with the labor sector.

The talks began after a meeting between President Lacalle and members of the Interunion Workers Plenum and National Convention of Workers [PIT-CNT], whom he asked for cooperation and understanding in holding a "mature discussion" on the public enterprise law, which will help bring an end to monopolies and privatize several state-owned enterprises. The PIT-CNT opposes privatization and has agreed with the Broad Front leftist coalition, the country's number three political force, to support a proposal aimed at calling for a plebiscite to revoke the law as soon as it is approved by Congress.

The talks between the government and PIT-CNT, which has rejected the economic policies of President Lacalle since he took power, were resumed after the approval of a series of changes in the wage policy. Cat said that we now have "new possibilities for negotiations" with the workers. He noted that the discussions between the government, workers, and employers will be based on a document which includes several labor demands and was delivered by PIT-CNT to President Lacalle.

Cat said: "Government experts are analyzing in depth the issues proposed by the PIT-CNT leadership. This will help us to continue making harmonious progress in the mutual relations, which we should maintain at a high level of understanding."

The talks began as the Uruguayan medical union started a 48-hour strike involving all private and public health services. The urban transport sector and taxi drivers are also scheduled to hold a 48-hour strike 3-4 October. The public servants union warned the government that they

will engage in "a great battle" if their salary demands are not included in the budget being analyzed by Congress.

The government urged enterprises to pay a provisional salary increase retroactive to 1 September, while the salary council—a group of employeers and workers—decides on the final salary rate increase that will be in force for the last four months of the year. The inflation rate totaled 68.97 percent on 31 August, while the inflation rate for the past four months reached 109.43 percent.

The government announced that it will issue a decree ordering the salary increase if final agreements are not reached between workers and employers of the several unions before 10 October. The government has decided to grant a salary increase of 29.5 to 31.5 percent as of 1 October. Businesses and employees can agree on better salaries but without affecting prices, the minister said.

Venezuela

Perez Discusses Future at UN General Assembly

PA0210193690 Caracas Venezolana de Television Canal 8 in Spanish 2359 GMT 1 Oct 90

[Speech by President Carlos Andres Perez at the 45th session of the UN General Assembly in New York City—live]

[Excerpt] [Passage omitted] Mr. President: One year ago, at this very same forum of international dialogue, I proposed that we dedicate the last decade of the century to children, with the objective of substantially reducing the infant mortality rate, achieving universal primary schooling, and eliminating severe malnourishment. I also made an invitation that we all sign the convention of the rights of children, as a new international code of ethics. The signing of the convention by most of the member states of the United Nations, the celebration this past weekend of the children's summit, and the disappearance of the East-West conflict coincide in time to create a favorable climate for achieving a world commitment that will permit us to pass from the declaration of our good intentions to the real task of combating infant mortality, protecting the nursing infant and pregnant woman, effectively improving the health of both, and ensuring children an education and preparedness for work.

I am aware that a program of this magnitude requires significant resources. In this sense, I propose that the member states of this organization agree to a 10-percent reduction of our military budgets and that this 10 percent be allocated to finance a social development fund in the United Nations, designed to confront with determination the misery that subdues and destroys hundreds of millions of children throughout the world.

To be irreversible, the progress of democracy in our countries—as demonstrated by the recent experiences in Latin America—needs to be consolidated with the definitive solution of the problems of extreme and critical poverty. The inevitable programs of macroeconomic adjustment, essential for modernizing our societies, cannot progress if we do not tackle at the same time the struggle against hunger, unemployment, and lack of opportunity, which begins with inadequate nourishment and medical attention from birth and continues with the lack of opportunity for youths to study and gain employment.

Latin America is now deeply committed to democracy as a political system. It cannot be sustained, however, on a social foundation of persistent poverty. The repeated demands for better conditions for our trade and our international financial and economic relations are not rhetorical statements. It is necessary to establish a new world order to resolve the basic conflict of the inequality of man on earth. This attitude must prevail as an ethical concept in relations between the poorest and most powerful countries.

On 16 November 1976, from this very tribunal of humanity, I noted that the construction of a new international economic order is called for as a desideratum for peace. Otherwise, I said then, and wish to repeat today, the world's political balance will be seriously compromised. We are living in a period of historic transition. Only 10 years away from the 21st century, old ideological schemes designed in the 19th century cannot continue to be applied to our reality.

As a Latin American, I must express my concern with the emphasis that has been placed on the economic variables, over and above the political and social variables. The modernization of our societies cannot push aside the importance of internal equilibrium. If social conflicts arise in the developing countries, if the differences among their inhabitants grow deeper, it is inevitable that conditions will be generated for international imbalances. The people want to live in democracy, but there cannot be democracy without social justice.

International cooperation cannot be subject exclusively to formally improving the situation of the public finances of the countries critically affected by fiscal imbalances. We must provide answers to the fiscal crisis, but we must also respond to the social crisis. In reality, both crises, the fiscal and social, are the same face of the same problem. It is essential that international cooperation broach the structural problems of the crisis directly, eliminating the protectionist trends of the developed countries, the ever increasing and intolerable effects of the foreign debt, and the absurd attitude whereby the need for macroeconomic adjustments is seen as a simple technical problem, independent of its social impact and political consequences.

Latin American has greeted the Initiative for the Americas proposed by U.S. President George Bush with interest and enthusiasm. The proposal to establish a free trade zone with the North makes us hope that perhaps the veil of silence and lack of understanding, which has characterized the relations between the two Americas,

will come to an end. We sincerely hope that the Initiative for the Americas will promote the definitive breaking of the isolation between the two Americas.

The world is quickly moving toward the creation of important economic opportunities. The United States and Latin America can no longer turn their backs on each other as they have been doing for decades. We need each other now.

In the long run, the Initiative for the Americas could create the necessary conditions to obtain the benefits generated by the competitiveness that our economic and trade relations need so much. The structural changes resulting from the deregulation of the market and our access to a large market would help promote our economic growth. The end of the discrimination of countries located in the southern part of the American continent would create favorable conditions for joint negotiations. At the same time, the Initiative for the Americas is a huge challenge for the Latin American countries.

It will be impossible to continue sinking in the rhetoric of Latin American unity. If we want to successfully contribute to the development of that initiative, we will have to try to increase cooperation among our countries and strengthen interregional trade relations. We will have to establish strategic alliances among our governments, public and private institutions, and research centers. We will also have to promote the formation of networks of enterprises that complement production and services by promoting the establishment of consistent technical norms. Insofar as we increase the level of economic interdependence among our countries, we will be able to attain international competitiveness.

The Latin American countries must seriously study the possibilities of reciprocal trade deregulation. We must strengthen transportation cooperation and promote the appearance of institutions that contribute to the effective achievement of Latin American unity. Only in that way will we be able to avoid the temptation of thinking that we can have access to the benefits of the Initiative for the Americas.

Paradoxically, within the hopeful framework of the end of the cold war, the progress of the unification processes, and the existence of a certain spirit of foreign cooperation, we now feel the winds of war on our planet. The Persian Gulf crisis concerns us all to the same extent, especially countries like Venezuela, which is an oil-producing country and an OPEC member country.

Venezuela has struggled to promote negotiations from the moment Iraq invaded Kuwait. We do not believe in a military solution to the conflict; we insist on a political solution. The Arab nations have a decisive role that we must promote. As a member of the Western Hemisphere and as an OPEC member, Venezuela has used various forums to reach agreements leading to a reduction of the crisis' effects on the world oil market.

On this occasion, I would like to stress the responsible and stabilizing behavior of OPEC, which has just celebrated its 30th anniversary. The great nations of the industrialized North—the main oil importers of the world—must admit that without OPEC's decision to temporarily cover for the oil market deficit, the oil price escalation and the subsequent destabilization of the world economy would have been much more serious. Neither OPEC nor the industrialized world can allow for sudden oil price increases. On the other hand and once the Persian Gulf crisis is solved, we cannot allow for sudden drops in oil prices. Those kind of extreme fluctuations harm both consumers and producers. They only favor speculators who remain indifferent to the peoples' well-being and to the world economy.

As producers of a large percentage of the current oil production and as owners of the largest oil reserves, we have a shared responsibility. The exploitation of those reserves guarantees the fulfillment of the world's future oil needs; however, that calls for prices that will guarantee the regular income of producers and also enough resources to finance investments to maintain current production levels and the replacement of reserves. Petroleum will continue to be an essential factor for development for many decades. Neither producers nor consumers should allow a distortion of the market.

I propose an urgent petroleum conference between producers and consumers under the auspices of the United Nations to allow us once and for all to face the political reality of petroleum. The first step could be a meeting between OPEC and the International Energy Agency.

This is an appropriate occasion to reaffirm our concern over the impact of excessively high prices on the development plans of Third World countries, which are totally dependent on petroleum imports. For the past 10 years, Mexico and Venezuela have tried to reduce this impact on the economies of Central America and the Caribbean through the San Jose Accord.

However, this kind of solidarity effort should not be unilaterally applied, but instead, it should be a part of a global solution. Industrialized countries must seriously assume their responsibility and offer international cooperation. Industrialized countries must share the responsibility of bringing economic growth and political stability to this vulnerable region of the hemisphere if we want to prevent new violent explosions or the expansion of existing ones.

We, the petroleum producing countries, are aware of the need to help Third World importers through compensatory measures such as the OPEC fund or San Jose Pact. We will continue to apply these measures, but believe that the commitment of richer countries should be broadened. To the same extent that OPEC assumed its share of responsibility by increasing production to compensate for a temporary crude oil shortage in the international market, and in the same way that the big powers want other countries to share the cost of maintaining a

military presence in the Persian Gulf, poor countries need help to overcome the situation stemming from the shortage and high prices of petroleum.

In this regard, I wish to voice my satisfaction with the proposal submitted by French President Francois Mitterrand to start, and I quote, the discussion of a world plan to help developing countries with fresh resources at a meeting that would gather, for an in-depth debate, the protagonists of a tragedy that will end as all tragedies do, should we fail to change its course, purpose, and even its very nature. End quote.

We urge the most powerful nations to cooperate in meeting the energy needs of the poorest countries, not in a casual or contigent manner, but in a permanent and stable manner. Venezuela, in coordination with our OPEC partners and non-OPEC exporting members such as Mexico, is willing to continue honoring cooperation programs such as the San Jose Accord. However, it also hopes to hear the proposals of the large industrialized countries to ensure the stabilization objectives that we are proclaiming here.

Mr. President, whatever this assembly decides will set the guidelines for the role that the international community believes the United Nations should play in this critical transition phase. It is finally being recognized that many past UN limitations were closely linked to the bipolar conflict.

Now that this conflict has been overcome and the respective reforms are under way, we aspire to see a return to the original postulates of the organization through a revision of its charter, if necessary, to ensure that it will be able to fully and democratically exercise its power to preventively intervene in the varied world problems and handle the critical development of problems that we already see coming. Among those problems I wish to underscore are those related to socioeconomic developments that we still have much to do about together.

All world nations, and especially militarily and economically powerful nations, must understand that world justice, peace, and stability can only rest on a set of international values based on genuine respect for international law, which is mandated in the UN Charter and treaties and conventions signed by all states under the auspices of the United Nations.

There have been frequent violations of such principles, treaties, and conventions in the past. At this new and promising juncture of humanity, the world has unanimously rejected Iraq's violation of Kuwaiti sovereignty. This must be the beginning of the establishment of that new and genuine set of international values that will ban all kinds of unilateral interventions and fully restore international order by discussing existing and future conflicts at the United Nations and other international forums. [passage omitted]

Guyana

Hoyte Reaffirms Position on Election Observers

FL2809183090 Bridgetown CANA in English 1806 GMT 28 Sep 90

[Text] Georgetown, Guyana, Sept 28, CANA—President Desmond Hoyte says his government will "discharge faithfully" its duty to guarantee the integrity of Guyana's electoral process. It will ensure that all the freedoms accorded Guyanese under the Constitution—including the freedom to vote according to one's conscience—are respected, he said.

"I wish to make it clear that the government, my party (the People's National Congress) and I, personally, are committed to democracy both as a system of government and as a way of life," Hoyte said in a broadcast to the nation Thursday night.

In the broadcast aired simultaneously on all radio and television channels, Hoyte dealt with the issue of overseas observers for the forthcoming elections—including his agreement earlier this week with opposition leader Dr. Cheddi Jagan to invite former United States President Jimmy Carter to send an observer mission. He said the political opposition here had been very vocal recently about the need to have international observers for the elections, at the heart of their contention being "an alleged apprehension that the impending elections will not be free and fair."

"Some opposition elements have expressed the view that having international observers will serve as a guarantee that the forthcoming elections will be conducted with due regularity in accordance with the law. If the presence of such observers will be a source of comfort to them, so be it," Hoyte said.

He said when he met Jagan earlier this week, the former Guyana premier wanted to have many more observers (in addition to missions from the Commonwealth and the Carter Centre). Hoyte contended, however, "the real issue is not the number of organisations that are formally invited to observe the elections.... (but) the competence, the international reputation, and the integrity of the observer mission."

He said were 2,000 overseas observers to descend upon Georgetown for the elections (as is being suggested by the opposition), Guyana as "a small country with a small population, limited facilities, and slender resources" would not even have the hotel rooms to accommodate them. He said, however, that "in a spirit of compromise and in deference to the important constitutional office which the minority leader holds," he agreed to invite the Jimmy Carter Centre to send a mission to observe the elections. He said Carter's advocacy of democracy and human rights worldwide is well-known and his organisation has earned much respect for its monitoring of elections in many parts of the world.

PNC Launches Election Campaign

FL0110210090 Bridgetown CANA in English 2009 GMT 1 Oct 90

[Report by Courtney Gibson]

[Text] Georgetown, Guyana, Oct 1, CANA—Guyana's ruling People's National Congress (PNC) launched its campaign for re-election on Sunday night with the staging of one of the biggest public rallies here in recent years. A crowd estimated at between 25,000 and 30,000 people attended the rally in Georgetown's Independence Park. President Desmond Hoyte, political leader of the PNC, called the turn-out "the biggest manifestation" ever seen in Guyana.

The PNC had mobilised countrywide for the rally which was preceded by a special party congress and marches through sections of Georgetown earlier in the day. Observers said the turn-out was about four times the size of the largest crowd which Guyanese Action for Reform and Democracy (GUARD), an anti-government pressure group, has been able to attract so far at the same venue.

They also said the crowd was about twice as large as that which witnessed the launching of the People's Progressive Party's [PPP] campaign earlier this month at Port Mourant, the home village of its political leader, Dr. Cheddi Jagan. Hoyte said the election, due by next March at the latest, will be a straight fight between the PNC and the PPP and urged PNC supporters to "mobilise, organise and energise" to ensure a "massive victory" for the party.

Hoyte dismissed opposition parties other than the PPP as "peripheral". "We can forget them," he said. Hoyte said the PNC would defeat the PPP, its longtime rival, because it had a programme while the PPP did not have any. Referring to Dr. Jagan's threat that the PPP would boycott parliament and establish a rival government if it felt the forthcoming elections were rigged, Hoyte said it was ridiculous that a leading politician should be making such "absurd statements".

"He could boycott. No problem with that. But I don't know how he is going to establish this alternative government without being guilty of treason. And I don't know that any PNC government would sit back idly and allow people to be in such serious breach of the law", Hoyte said.

Hoyte said Guyana needed continuity to ensure the successful turn-around of its ailing economy under the recently-introduced economic recovery programme which has the blessing of the International Monetary Fund (IMF), other international lending agencies, and donor governments. He said the opposition was "pledged to jettisoning" the recovery effort and it would be "a tragedy of immense proportions" if the programme was abandoned as a result of an opposition victory .

"What we need now is continuity—continuity of our programme—and in order to obtain and ensure that continuity, the PNC has to be returned to power," he said.

Hoyt Forecasts Victory for PNC

FL0110173690 Bridgetown CANA in English 1549 GMT 1 Oct 90

[Text] Georgetown, Guyana, Sept 30, CANA—President Desmond Hoyte on Sunday forecast an overwhelming victory for his ruling People's National Congress (PNC) in Guyana's forthcoming elections. He was addressing supporters at a special one-day PNC congress held in advance of the launching of the party's election campaign at a public rally on Sunday night. Hoyte gave no hints about the date for the elections which must be held before March 31, next year. He, however, called on his supporters to prepare "as if the elections are going to be held tomorrow.

"This special congress will set in train a succession of events and activities that will lead, inexorably, to an overwhelming victory for the PNC at the forthcoming general elections," Hoyte said. He said he was "supremely confident" that the PNC will win, and said the Guyanese people will vote for the party because, among other things, it has given them firm and decisive leadership at all times, "particularly in times of difficulty." He referred to unsuccessful attempts by the opposition grouping, the Patriotic Coalition for Democracy, to form a unified force to confront the PNC at the polls.

"Whether they come singularly or whether they come severally, the result will be the same: licks like peas," [as received] Hoyte told the enthusiastic audience which punctuated his hour-long speech with many bursts of thunderous applause, drummings, and chants. Hoyte forecast that the elections will end up as a contest between the PNC led by himself and the opposition People's Progressive Party led by Dr. Cheddi Jagan.

Referring to recent remarks by Dr. Jagan that he will boycott the National Assembly and set up a parallel government in Guyana if the elections are rigged, Hoyte said he would not mind such a boycott because his government would be able to get on with the business of government more expeditiously. With regards to Jagan's remarks about setting up a parallel government, Hoyte suggested that the minority leader must be considering setting up the government in Port Mourant, his home village in eastern Guyana where Jagan launched his election campaign.

"It would be the State of Port Mourant with President Jagan," Hoyte suggested.

He said now that he has agreed, in a spirit of compromise to invite foreign observers from the Commonwealth and the Carter Centre to monitor the forthcoming elections, and has also agreed with Dr. Jagan to sign a peace

accord, Dr. Jagan has been boxed into a corner. The minority leader, he added, will now be unable to appeal to race and to violence and when he loses the elections, he will be unable to say they were rigged—unless he intends to tell the world that former U.S. President Jimmy Carter and his people, as well as members of the commonwealth team, are all "rascals".

He also contended that the opposition will be unable to win the elections because unlike the PNC, which he said was a caring party with a programme, the opposition was in disarray, had no programme, was politically bankrupt, and was destructive in its orientation. He called Guyanese Action for Reform and Democracy a local anti-government pressure group, "a passing phenomenon that will soon disappear.... a novelty based upon hypocrisy, lies, and manipulation" and comprising people of vested interests looking "in vain" to find an "ideological home."

"You can classify them under three heads: political objects, political suspects, and political rejects. They are the floatsam and jetsam of our social and political history. Let us ignore and forget them," Hoyte told his cheering supporters.

Hoyte Outlines Debt Restructuring Proposal

FL2809215090 Bridgetown CANA in English 2109 GMT 28 Sep 90

[Report by Courtney Gibson]

[Text] Georgetown, Guyana, Sept 28, CANA—Representatives of member countries of the aid-doning Paris Club have called for a major reorganisation of Guyana's external debt, with "extraordinary concessions" to the country, President Desmond Hoyte said Thursday night.

The proposals on Guyana, which has an overall debt of about 1.8 billion U.S. dollars, were made to the various governments.

In a broadcast to the nation, Hoyte said the options include:

—writing off one-third of Guyana's debt service obligations with the remainder to be consolidated at the market rates over a period of 14 years—including a grace period of eight years;

—consolidating the debt service obligations at market rates with a repayment period of 25 years—including a 14 year grace period; and

—consolidating the debt service obligations at preferential rates which would be the market rate reduced by 3.5 percentage points or 50 per cent - if 50 per cent is less than 3.5 percentage points - with a repayment period of 14 years (including an eight year grace period).

Hoyte said that the non-cancelled maturities on official development aid loans would, in each option, be consolidated on the basis of the original rates with a repayment period of 25 years - including a 14 year grace period.

"Whichever option or combination of options is chosen by our creditors, the result will mean that our debt burden will be "considerably reduced and the restraint which onerous debt service in the past put on our development, will be greatly eased," Hoyte explained.

Last June, Finance Minister Carl Greenidge told the National Assembly (parliament) that the government had so far been able to reschedule 659 million U.S. dollars of Guyana's debts with members of the Paris Club and that the rescheduling of another 151.9 million U.S. dollars was still pending.

Hoyte said the recommendations were outlined to a Guyana team headed by Finance Minister Greenidge when the delegation met a fortnight ago with the Paris Club about the rescheduling of Guyana's external debt. "The representatives of the participating countries applauded the efforts we were making through the economic recovery programme to restore balance in our economy and generate growth and development," he reported.

Hoyte said the participating countries in the Paris Club meeting, by granting extraordinary concessions to Guyana in rescheduling its external debt, have, in effect, moved a vote of confidence in Guyana's ERP [economic recovery program], in Guyanese capacity to overcome their problems through continued effort and in Guyana's future. "It behoves us, therefore, as a proud, intelligent people, to justify that faith by ensuring the success of our economic recovery programme," Hoyte said.

Support Group's Future Uncertain

FL2809220590 Bridgetown CANA in English 2117 GMT 28 Sep 90

[Report by Wesley Kirton]

[Text] Washington, Sept 28, CANA—The future of the Guyana support group—put together to help the South American republic revive its battered economy—appears uncertain. Discussions on the future of the group, chaired by Canada, are to be held soon, Guyana's Finance Minister Carl Greenidge told CANA in an interview here.

The disclosure came amidst reports that the group which sought to mobilise several million dollars for Guyana's economic recovery programme may soon be disbanded. Guyana recently cleared its arrears to the World Bank, International Monetary Fund (IMF) and the Caribbean Development Bank (CDB), since which, the role of the support group has been unclear, officials here said.

"For Guyana it doesn't matter whether the group continues or not for it is the objective that matters rather than the instrument," Greenidge told the CARIBBEAN NEWS AGENCY.

"If the support group feels that its task is finished we don't have a difficulty with that once the problem facing the economy is addressed." The support group includes Britain, Canada and the United States.

Greenidge said the task of finding balance of payments support for defending Guyana's exchange rate and raising the level of production has to be addressed and must not be subject to any organisational delays. He said Guyana would also have to be advised by the donors what organisational form they will use to channel assistance to the country.

Greenidge characterised the work of the support group as "very helpful" and described its task as "very difficult." He praised the leadership of the group provided by Canada which he said led the way by putting money when funds were slow in becoming available. He said tremendous assistance was received from Canada, the United Kingdom and Trinidad and Tobago along with Japan and non-traditional donors such as Sweden and Belgium.

The United States, he said, gave 960,000 U.S. dollars of the U.S. 13 million dollars it had said it would attempt to contribute to the group. However, Americans provided Guyana with about U.S. 40 million dollars in bridging finance which has since been repaid.

"One of the problems that has bedevilled the support group has been an international problem—the dispute over burden sharing—and as a consequence the volume of support from the group was not what we had hoped and it has not been consistent with the amounts initially estimated as required. So imports have had to be compressed, production has suffered as a consequence and so too has consumption," Greenidge said.

The minister said that clearing the arrears was not sufficient and Guyana needed some balance of payments support if it is to defend its exchange rate and lift production levels. He said the preoccupation with clearing arrears had overshadowed the importance of having money to keep the country going.